

CARDIFF AUTO RECEIVABLES SECURITISATION 2022-1 PLC

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION AND/OR THE PROSPECTUS CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE NOTES (THE "**NOTES**") OF CARDIFF AUTO RECEIVABLES SECURITISATION 2022-1 PLC (THE "**ISSUER**") IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE US, AND MAY NOT BE OFFERED OR SOLD INTO OR WITHIN THE US OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS AND UNDER CIRCUMSTANCES WHICH WOULD NOT REQUIRE THE ISSUER TO REGISTER UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US PERSON OR TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") ANY STATE SECURITIES COMMISSION IN THE US OR ANY OTHER US OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED OR DISAPPROVED THIS PROSPECTUS OR CONFIRMED THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE US.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE US SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**US RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE ACQUIRED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "US PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "US PERSONS" UNDER REGULATION S MAY BE US PERSONS UNDER THE US RISK RETENTION RULES. EACH PERSON THAT ACQUIRES NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS, WARRANTIES AND AGREEMENTS, INCLUDING THAT IT (A) IS NOT A RISK RETENTION US PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF THE SELLER), (B) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO

DISTRIBUTE SUCH NOTE, AND (C) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES.

In member states of the European Economic Area ("**EEA**"), this electronic transmission and the Prospectus are only addressed to and directed at persons who are "qualified investors" within the meaning of Regulation (EU) 2017/1129, as amended ("**EU Qualified Investors**"). This electronic transmission and the Prospectus must not be acted on or relied on in any member state of the EEA by persons who are not EU Qualified Investors. Any investment or investment activity to which this electronic transmission and the Prospectus relates is available only to EU Qualified Investors in any member state of the EEA.

In the United Kingdom, this electronic transmission and the Prospectus are only addressed to and directed at persons who are "qualified investors" within the meaning of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Qualified Investors**"). In addition, in the United Kingdom this electronic transmission and the Prospectus are only addressed to and directed at UK Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This electronic transmission and the Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which this electronic transmission and the Prospectus relate is available only to Relevant Persons in the United Kingdom.

Confirmation of your representation: This electronic transmission and the Prospectus are delivered to you on the basis that you are deemed to have represented to the Issuer and Lloyds Bank Corporate Markets plc (the "**Arranger**" and the "**Lead Manager**") that you have understood and agree to the terms set out herein, and that (i) you are not a "US person" (within the meaning of Regulation S) or acting for the account or benefit of a US person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, and (ii)(A) if you are a person in a member state of the EEA, then you are an EU Qualified Investor and/or an EU Qualified Investor acting on behalf of EU Qualified Investors or Relevant Persons, to the extent that you are acting on behalf of persons or entities in the EEA or the United Kingdom, (B) if you are a person in the United Kingdom, then you are a Relevant Person and/or a Relevant Person acting on behalf of Relevant Persons or EU Qualified Investors, to the extent that you are acting on behalf of persons or entities in the United Kingdom or in the EEA, or (C) you are an institutional investor that is otherwise eligible to receive this electronic transmission and the Prospectus. You shall also be deemed to have represented to the Issuer, the Arranger and the Lead Manager that you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the Prospectus on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Prospectus, electronically or otherwise, to any other person. If you receive the Prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive the Prospectus in electronic format by e-mail, your use of such Prospectus in electronic format and e-mail is at your own risk and it is your responsibility to take precautions to ensure that each is free from viruses and other items of a destructive nature.

If a jurisdiction requires that the offering to which this electronic transmission and the Prospectus relates be made by a licensed broker or dealer and the Arranger and Lead Manager or any affiliate of the Arranger and Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger and Lead Manager or affiliate on the behalf of the Issuer in such jurisdiction.

You are reminded that documents transmitted electronically may be altered or changed during the process of transmission and consequently none of the Issuer, the Arranger or the Lead Manager nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus delivered by electronic transmission and the hard copy version.

None of the Arranger, the Lead Manager, the Trustee, the Security Trustee or any of their respective affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Notes or the offering referred to herein. The Arranger, the Lead Manager, the Trustee, the Security Trustee and each of their affiliates disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the electronic transmission, the Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Arranger, the Lead Manager, the Trustee, the Security Trustee or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the Prospectus.

CARDIFF AUTO RECEIVABLES SECURITISATION 2022-1 PLC

(a public limited company incorporated under the laws of England and Wales with registered number 13436293)

Class (⁽¹⁾)	Initial Principal Amount (£)	Issue Price	Reference rate	Margin/ Fixed Rate (p.a.)	Expected Ratings (S&P/DBRS)	Final Legal Maturity Date
A	414,800,000	100%	Fixed Rate	1.20%	AAA (sf)/AAA (sf)	October 2028
B	65,575,000	100%	Compounded Daily SONIA	1.60%	A (sf)/A (high) (sf)	October 2028
C	32,025,000	100%	Compounded Daily SONIA	1.95%	BBB (sf)/A (low) (sf)	October 2028
D	30,500,000	100%	Compounded Daily SONIA	2.90%	BB (sf)/BBB (low) (sf)	October 2028
E	21,350,000	100%	Compounded Daily SONIA	4.25%	B (sf)/BB (sf)	October 2028
S	45,750,000	100%	Fixed Rate	5.50%	Not rated	October 2028

⁽¹⁾ The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are together referred to as the "**Floating Rate Notes**" and, together with the Class A Notes, as the "**Rated Notes**" and, together with the Class A Notes and the Class S Notes, as the "**Notes**". The Floating Rate Notes are being offered and sold outside the United States to non-US persons as defined in Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**"), in reliance on Regulation S. The Class A Notes and Class S Notes are not offered under this Prospectus.

Closing Date The Issuer expects to issue the £414,800,000 Class A Notes due October 2028 (the "**Class A Notes**"), the £65,575,000 Class B Notes due October 2028 (the "**Class B Notes**"), the £32,025,000 Class C Notes due October 2028 (the "**Class C Notes**"), the £30,500,000 Class D Notes due October 2028 (the "**Class D Notes**"), the £21,350,000 Class E Notes due October 2028 (the "**Class E Notes**") and the £45,750,000 Class S Notes due October 2028 (the "**Class S Notes**") on 11 February 2022 (the "**Closing Date**").

Underlying Assets The Issuer will make payments on the Notes from, among other sources, the payments of principal and interest it receives from borrowers ("**Customers**") pursuant to automotive personal contract purchase agreements (the "**Portfolio**") originated by Black Horse Limited ("**Black Horse**" and, in its capacity as seller, the "**Seller**"). These personal contract purchase agreements provide for monthly payments over the term of the contract and an additional larger optional "balloon" final rental payment at the end of the term. The Portfolio has the characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.

See the section titled "*The Provisional Portfolio*" for more detail.

Credit Enhancement

- Subordination of junior ranking Notes
- Excess spread

For further explanation, please see the section entitled "*Credit Enhancement*".

Liquidity Support

- The availability of the Liquidity Reserve Fund to be applied as Available Interest Collections to make up certain shortfalls in Available Interest Collections
- The availability of Available Principal Collections to be applied as Available Interest Collections to make up any Remaining Interest Collections Shortfall

Redemption Provisions Information on any optional and mandatory redemption of the Notes is summarised in "*Description of the Notes*" and set out in full in Condition 5 (*Redemption*).

Rating Agencies Ratings are expected to be assigned to the Rated Notes by S&P Global Ratings UK Limited ("**S&P**") and DBRS Ratings Limited ("**DBRS**"). The Class S Notes will not be rated.

Each of S&P and DBRS is established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). Each of S&P and DBRS appears on the latest update of the list of registered credit rating agencies (as of 9 February 2022) on the FCA's Financial Services Register.

The ratings S&P has given to the Rated Notes are endorsed by S&P Global Ratings Europe Limited. The ratings DBRS has given to the Rated Notes are endorsed by DBRS Ratings GmbH. Each of S&P Global Ratings Europe Limited and DBRS Ratings GmbH is established in the EEA and registered under Regulation (EU) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**"). Each of S&P Global Ratings Europe Limited and DBRS Ratings GmbH has been certified under the EU CRA Regulation.

Credit Ratings..... The Rating Agencies' ratings of the Rated Notes will reflect the likelihood of the timely payment of interest and ultimate repayment of principal on the Rated Notes according to their terms. Each rating takes into consideration the characteristics of the Purchased Receivables and the structural, legal, tax and Issuer-related aspects associated with the Rated Notes.

However, the ratings assigned to the Rated Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the Noteholders might suffer a lower than expected yield due to prepayments or early amortisation or might fail to recoup their initial investments.

The ratings assigned to the Rated Notes should be evaluated independently against similar ratings of other types of securities.

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

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies. There can be no assurance as to whether any other rating agency will rate the Rated Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned to the Rated Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

The Issuer has not sought a rating in respect of the Class S Notes.

Listing..... This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Prospectus Regulation**"), as a prospectus issued in compliance with the UK Prospectus Regulation for the purpose of giving information with regard to the issue of the Notes. The FCA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation Rules. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of the Notes.

Investors should make their own assessment as to the suitability of investing in the Notes.

Applications have been made for the Rated Notes to be admitted to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange plc (the "**London Stock Exchange**").

Obligations The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, or guaranteed by, or be the responsibility of the Seller, its affiliates or any other party to the Transaction Documents other than the Issuer.

UK Securitisation Regulation and EU Securitisation Regulation..... The Seller, as "originator" for the purposes of the UK Securitisation Regulation, will retain, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation in accordance with Article 6(1) of the UK Securitisation Regulation (the "**UK Retention Requirement**") by retaining the first loss tranche so that the retention equals in total not less than 5 % of the nominal value of the securitised exposures in accordance with Article 6(3)(d) of the UK Securitisation Regulation. Accordingly, it is the Seller's intention that on and from the Closing Date and for the life of the Transaction the Class S Notes will be retained by the Seller. Any change in the manner in which the interest is held will be notified to the Noteholders.

The Issuer has been designated pursuant to Article 7(2) of the UK Securitisation Regulation as the entity to fulfil the information requirements pursuant to points (a), (b), (e), (f) and (g) of the first subparagraph of Article 7(1) of the UK Securitisation Regulation.

See the section entitled "*Certain Regulatory Disclosures – UK Securitisation Regulation*" for more information.

In addition, the Seller, as "originator" for the purposes of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only), will retain, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation in accordance with Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) (the "**EU Retention Requirement**") by retaining the first loss tranche so that the retention equals in total not less than 5 % of the nominal value of the securitised exposures in accordance with Article 6(3)(d) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only). Any change in the manner in which the interest is held will be notified to the Noteholders.

The Issuer has agreed to fulfil the information requirements pursuant to points (a), (b), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only).

See the section entitled "*Certain Regulatory Disclosures – EU Securitisation Regulation*" for more information.

Each prospective investor is required to independently assess and determine the sufficiency of the information described in this section for the purposes of complying with the UK Securitisation Regulation or the EU Securitisation Regulation, as applicable, and none of the Issuer, the Seller, the Servicer, the Lead Manager or the Arranger makes any representation that the information described above is sufficient in all circumstances for such purposes. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator. The Seller

accepts responsibility for the information set out in this section "*UK Securitisation Regulation and EU Securitisation Regulation*".

Simple, Transparent and Standardised (STS) Securitisation .	The Seller, as originator, does not intend to procure that a notification be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, that the requirements of Articles 19 to 22 of the UK Securitisation Regulation have been satisfied with respect to the Notes and, accordingly, the Transaction shall not be considered an STS securitisation.
US Risk Retention Rules.....	The transaction described in this Prospectus is not intended to involve the retention by a sponsor of at least 5% of the credit risk of the securitised assets for purposes of compliance with Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the US Securities Exchange Act of 1934, as amended (the " US Risk Retention Rules "), but rather intends to rely on an exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions. As a result, the issuance of the Notes has not been designed to comply with the US Risk Retention Rules other than the exemption under Section 20 of the US Risk Retention Rules and no steps have been taken by the Issuer, the Seller, the Arranger, the Lead Manager or any of their respective affiliates or any other party to accomplish such compliance. There can be no assurance that the exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions will be available. See the section entitled " <i>Risk Factors – Legal and Regulatory Risks Relating to the Structure and the Notes – US Risk Retention</i> " for more information.
Eurosystem Eligibility ..	On the Closing Date, the Rated Notes will be issued under the new safekeeping structure (" NSS "), will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg and are intended to be held in a manner which would allow Eurosystem eligibility. However, this does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. In particular, please see the risk factor entitled " <i>Eurosystem Eligibility</i> " below.
Volcker Rule	The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". In making this determination, the Issuer intends to qualify for the "loan securitization" exclusion provided for in the Volcker Rule although other exclusions or exemptions may also be available to the Issuer.
Benchmarks	<p>Interest payable on the Floating Rate Notes is calculated by reference to SONIA, which is provided by the Bank of England. As at the date of this Prospectus, the Bank of England does not appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the "UK Benchmarks Regulation").</p> <p>As far as the Issuer is aware, Article 2 of the UK Benchmarks Regulation or the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that the Bank of England, as the administrator of SONIA, is not currently required to obtain authorisation or registration.</p>
Significant investor	On the Closing Date, Black Horse will subscribe for all of the Class A Notes and the Class S Notes. Subject to retaining a material net economic interest of not less than 5% in the transaction in accordance with Article 6(1) of the UK Securitisation Regulation, as described in the section " <i>Certain Regulatory Disclosures – UK Securitisation Regulation</i> ", Black Horse may retain or, at a later date, sell some or all of those Notes in individually negotiated transactions

in the secondary market at variable prices (which may, in turn, affect the liquidity and price of the other Notes in the secondary market).

In holding some or all of such Classes of Notes, Black Horse may be able to pass, or hold a sufficient minority to block, certain Noteholder resolutions. On the Closing Date, Black Horse will hold 100% of the Class A Notes and will therefore constitute the Controlling Class (other than in respect of any Lloyds Matter). See further "*Risk Factors – Risks relating to the Structure – Conflict between Noteholders and other Secured Parties*" and "*Risk Factors – Risks relating to the Structure – The exercise of rights by the Controlling Class following an Event of Default may be harmful to the other classes*".

For a discussion of certain significant factors affecting investments in the Notes, see "*Risk Factors*".

Arranger

Lloyds Bank Corporate Markets plc

Lead Manager

Lloyds Bank Corporate Markets plc

This Prospectus is dated 9 February 2022.

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

The Notes represent obligations of the Issuer only and do not represent an interest in or obligation of any of the Arranger, the Lead Manager, the Seller, the Servicer (if different), the Cash Manager, the Trustee, the Security Trustee, the Account Bank, the Back-Up Facilitator, the Principal Paying Agent, the Corporate Services Provider or any of their respective Affiliates or any other party (other than the Issuer) to the Transaction Documents. Neither the Notes nor the underlying Purchased Receivables will be insured or guaranteed by any governmental authority or by any of the Arranger, the Lead Manager, the Seller, the Servicer (if different), the Cash Manager, the Trustee, the Security Trustee, the Account Bank, the Back-Up Facilitator, the Principal Paying Agent, the Corporate Services Provider or any of their respective Affiliates or any other party (other than the Issuer) to the Transaction Documents or by any other person or entity except as described herein.

The Notes offered hereby have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold into or within the United States or to, or for the account or benefit of, "US persons" ("**US Persons**") as defined in Regulation S under the Securities Act ("**Regulation S**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Issuer is not, and will not be, after giving effect to the sale of the Notes, required to register under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Issuer is being structured so as not to constitute a "covered fund" for purposes of regulations adopted under section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "**Volcker Rule**".

This Prospectus contains information about the Issuer and the terms of the Notes to be issued by the Issuer. You should rely only on information provided or referenced in this Prospectus.

An index of defined terms is at the end of this Prospectus.

This Prospectus has been prepared by the Issuer and may not be copied or used for any purpose other than for your evaluation of an investment in the Notes.

The delivery of this Prospectus at any time does not imply that the information in this Prospectus is correct as at any time after its date.

Governing Law

The Notes and all non-contractual obligations arising out of or in connection with them are governed by English law.

Form of the Notes

The Rated Notes will be issued in registered form and in the denominations of £100,000 and integral multiples of £1,000 in excess of £100,000, up to and including £199,000. Interests in each Class of Rated Notes will be represented by an unrestricted global registered note (each, a "**Global Note**"), without interest coupons attached. The Global Notes representing the Rated Notes will be deposited on the Closing Date with a common safekeeper for both Euroclear and Clearstream Banking *société anonyme* ("**Clearstream, Luxembourg**") which will act as common safekeeper for each Class of Rated Notes. Except in certain limited circumstances, the Global Notes will not be exchangeable for unrestricted registered definitive notes, or "**definitive notes**", and no definitive notes will be issued with a denomination above £199,000. If definitive notes are issued, Noteholders should be aware that definitive notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

On the Closing Date, the Rated Notes will be issued under the new safekeeping structure ("**NSS**") and are intended to be held in a manner which would allow Eurosystem eligibility. However, this does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. None of the Issuer, the Arranger, the Trustee, the Security Trustee or the Lead Manager gives any representation, warranty, confirmation or guarantee to any investor in the Rated Notes that the Rated Notes will, either upon issue, or any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral.

Responsibility Statements

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Black Horse accepts responsibility for the information in the sections entitled "*Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty*" and "*The Provisional Portfolio*". To the best of the knowledge of Black Horse, the information in the sections entitled "*Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty*" and "*The Provisional Portfolio*" is in accordance with the facts and those sections make no omission likely to affect their import.

Lloyds Bank plc accepts responsibility for the information about itself in the section entitled "*The Collection Account Bank, Back-Up Facilitator and Swap Guarantor*". To the best of the knowledge of Lloyds Bank plc, the information about itself in the section entitled "*The Collection Account Bank, Back-Up Facilitator and Swap Guarantor*" is in accordance with the facts and those sections make no omission likely to affect their import.

Each of U.S. Bank Trustees Limited and Elavon Financial Services DAC, UK Branch accepts responsibility for the information about itself in the section entitled "*The Trustee and Security Trustee and the Principal Paying Agent and Registrar*". To the best of the knowledge of each of U.S. Bank Trustees Limited and Elavon Financial Services DAC, UK Branch, the information about itself in the section entitled "*The Trustee and Security Trustee and the Principal Paying Agent and Registrar*" is in accordance with the facts and those sections make no omission likely to affect their import.

The Issuer confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has taken no steps to verify independently this information.

The information contained in this Prospectus about Black Horse and Lloyds Bank plc relates to and has been obtained from each of them. The delivery of this Prospectus will not create an implication that there has been no change in the activity of Black Horse or Lloyds Bank plc since the date of this Prospectus or that the information contained or referred to in it is correct as at any time after its date.

The Notes are obligations solely of the Issuer and are not obligations of, are not guaranteed by and are not the responsibility of any other entity. In particular, the Notes are not the obligations of, are not guaranteed by and are not the responsibility of Black Horse, the Arranger, the Lead Manager, the Cash Manager, the Account Bank, the Back-Up Facilitator, the Subordinated Loan Provider, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Registrar, the Security Trustee or the Trustee.

Representations about the Notes

No person has been authorised in connection with the issue, offering, subscription or sale of the Notes to give information or to make representations not in this Prospectus and, if given or made, such information or representation must not be relied on as having been authorised by or on behalf of the Issuer, the directors of the Issuer or Black Horse.

Purchasers of the Notes should conduct such independent investigation and analysis of the Issuer, Black Horse, the Receivables and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Black Horse, the Lead Manager, the Arranger, the Account Bank, the Back-Up Facilitator, the Principal Paying Agent, the Security Trustee and the Trustee make no representation, recommendation or warranty, express or implied, about the accuracy, adequacy, reasonableness or completeness of the information in this Prospectus (other than any sections of this Prospectus that such person expressly takes responsibility for in the section "*Responsibility Statements*" above) or in any further information, notice or other document which may be supplied by or on behalf of the Issuer in connection with the Notes and accept no responsibility or liability for such information. None of Black Horse, the Lead Manager, the Arranger, the Account Bank, the Back-Up Facilitator, the Principal Paying Agent, the Security Trustee or the Trustee will review the financial position or activity of the Issuer while the Notes are outstanding nor, unless required by applicable law, will advise investors or potential investors in the Notes of information coming to its attention.

Selling Restrictions

The Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws and under circumstances which would not require the Issuer to register under the Investment Company Act. As such, the Notes may not be offered or sold into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, such registration requirements. There has been and will be no public offering of the Notes in the United States. The Notes are not transferable except in accordance with the restrictions described under "*Subscription and Sale – Selling Restrictions*" herein.

Except with the prior consent of the Seller and where such sale falls within the exemption provided by Section 20 of the US Risk Retention Rules, the Notes offered and sold by the Issuer may not be acquired by, or for the account or benefit of, any "US person" as defined in the US Risk Retention Rules ("**Risk Retention US Person**"). Prospective investors should note that the definition of "US person" in the US Risk Retention Rules is similar to, but not identical to, the definition of "US person" in Regulation S under the Securities Act ("**Regulation S**") and that persons who are not "US persons" under Regulation S may be "US persons" under the US Risk Retention Rules. Each person that acquires Notes, including beneficial interests therein, will be deemed to have made certain representations, warranties and agreements, including that it (a) is not a Risk Retention US Person (unless it has obtained a prior written consent of the Seller), (b) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (c) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Risk Retention Rules. The Notes will be issued in registered form and are subject to certain United States tax law requirements. This Prospectus does not address the US federal income tax considerations applicable to an investment in the Notes. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of any such investment.

Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (a) that the information in this Prospectus is correct as of any time subsequent to the date hereof, or (b) that there has been no adverse change in the financial situation of the Issuer since the date of this Prospectus or (c) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No action has been taken by the Issuer or the Seller or the Arranger or the Lead Manager other than as set out in this Prospectus that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any information memorandum, offering circular, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Issuer, the Seller, the Arranger and the Lead Manager have represented that all offers and sales by them have been made on such terms.

Other than the approval of the FCA of this Prospectus as a prospectus under the UK Prospectus Regulation, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction.

This Prospectus may only be used for the purposes for which it has been published. This Prospectus is not and does not form part of an offer to sell or the solicitation of an offer to buy securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy the securities offered by this Prospectus in circumstances in which such offer, solicitation or sale is not permitted. The distribution of this Prospectus and the offering and sale of the Notes in some jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arranger and the Lead Manager to inform themselves about and to observe those restrictions. This Prospectus is not and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is not permitted to make such offer or solicitation.

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus see "*Subscription and Sale*".

If you are in any doubt about the contents of this Prospectus you should consult your advisers. An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses that may result from such investment. It should be remembered that the price of the Notes and the income from them may decrease.

Forward-looking statements

Any projections, expectations and estimates in this Prospectus are not historical in nature but are forward-looking statements based on information and assumptions Black Horse and the Issuer consider reasonable. Forward-looking statements are about circumstances and events that have not yet taken place and may vary materially from actual events. 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 Arranger and the Lead Manager have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither Black Horse, the Arranger, the Lead Manager nor the Issuer is obligated to update or revise any forward-looking statements including changes in economic conditions, portfolio or asset pool performance or other circumstances or developments after the date of this Prospectus.

Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of sales to UK retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MiFID II product governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible

for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

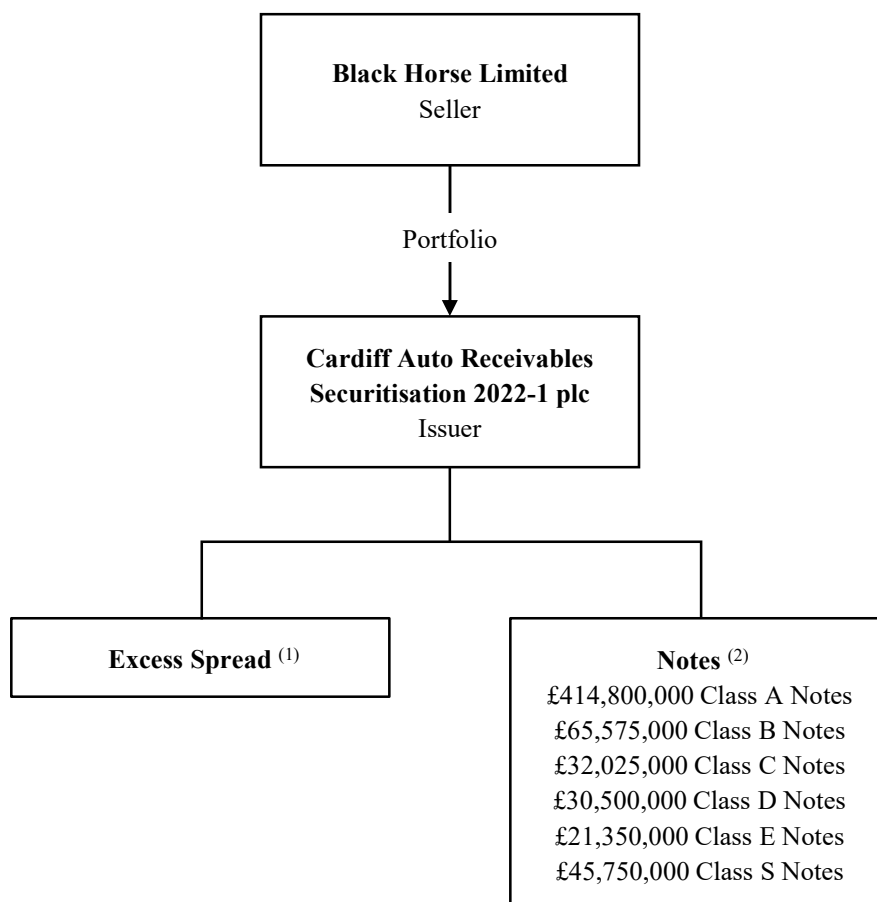
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TRANSACTION OVERVIEW

TRANSACTION STRUCTURE DIAGRAM

This diagram is a simplified overview of the structure of this securitisation transaction and the credit enhancement available for the Notes. This diagram is a summary and should be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this Prospectus.

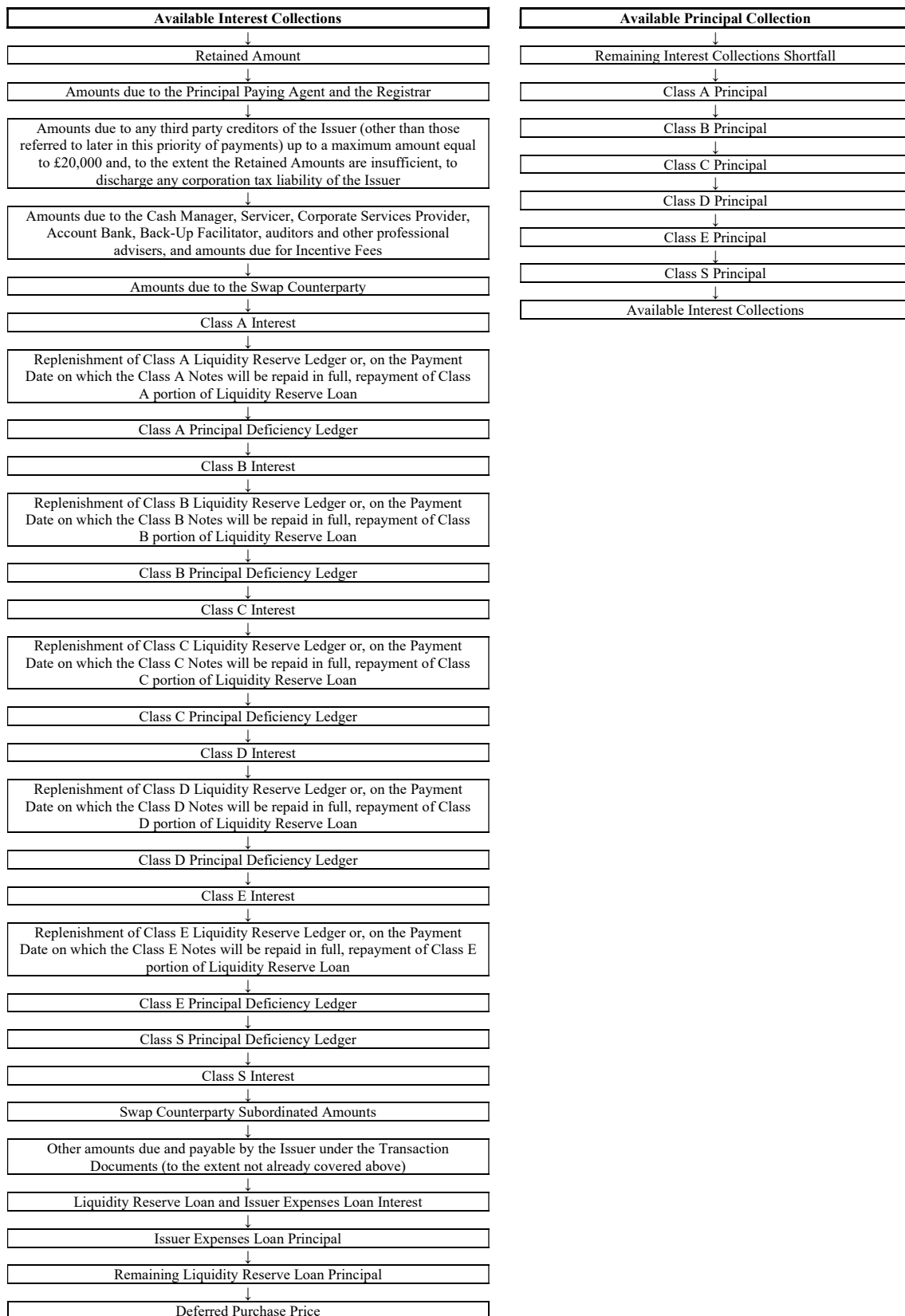


⁽¹⁾ Excess spread is available, as a component of Available Interest Collections, to absorb losses on the Receivables.

⁽²⁾ Each Class of Rated Notes will benefit from the subordination of more junior ranking Classes of Notes. The subordination varies depending on whether interest or principal is being paid and whether or not an Event of Default that results in acceleration has occurred. For more details, see "*Overview of the Notes and the Transaction – Priority of Payments*" and "*Overview of the Notes and the Transaction – Credit Enhancement – Subordination*".

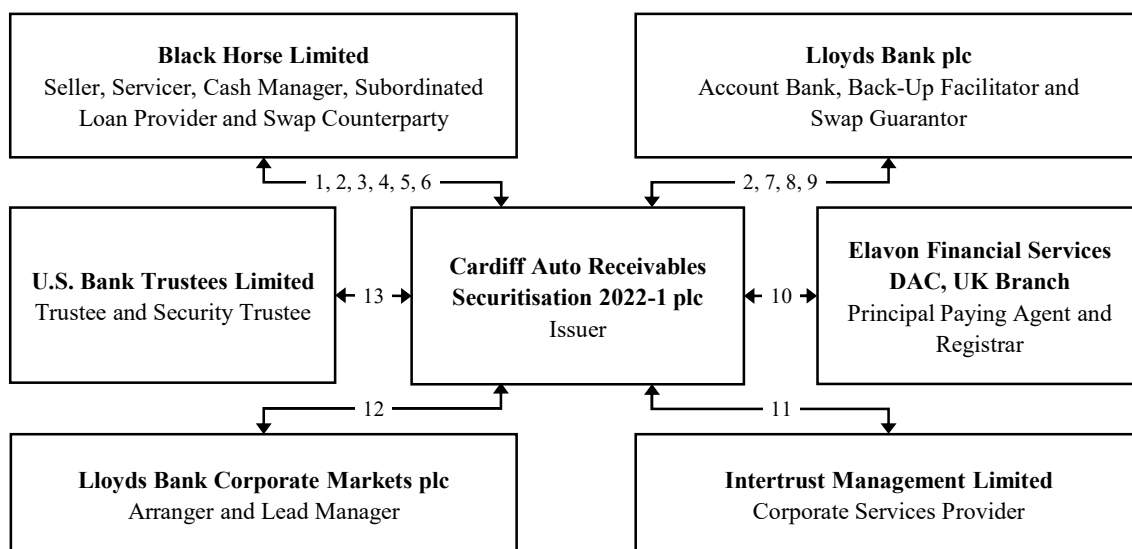
PRIORITY OF PAYMENTS DIAGRAM

This diagram shows how available funds are paid on each Payment Date. This diagram is a summary and should be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this Prospectus. For more details about the priority of payments before the acceleration of the Notes after an Event of Default, see "*Description of the Notes*" and "*Terms and Conditions of the Notes*".



TRANSACTION PARTIES AND DOCUMENTS DIAGRAM

This diagram shows the role of each transaction party and each Transaction Document in this securitisation transaction. This diagram is a summary and should be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this Prospectus. For more details about the roles of each transaction party in this securitisation transaction, see "*Transaction Parties*", "*Receivables*", "*Description of the Notes*" and "*Seller and Servicer*".



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|--|--|
| <p>1. Receivables Sale Deed</p> <p>The Seller sells the Receivables on the Closing Date to the Issuer in exchange for the Initial Purchase Price and the Deferred Purchase Price</p> <p>The Seller makes representations to the Issuer about the Receivables and repurchases Non-Compliant Receivables</p> <p>2. Servicing Agreement</p> <p>Black Horse Limited appointed as Servicer and receives the Servicing Fee</p> <p>The Servicer provides information on the Receivables, prepares Monthly Reports and provides encoded Customer Data to the Back-Up Facilitator</p> <p>The Seller will repurchase Receivables that are the subject of a Non-Permitted Variation</p> <p>3. Cash Management Agreement</p> <p>Black Horse Limited appointed as Cash Manager and receives a fee for the provision of cash management services</p> <p>The Cash Manager will administer transaction funds, based on the information provided by the Servicer</p> <p>The Cash Manager will, where applicable, apply available amounts to pay expenses of the Issuer and make payments on the Notes in accordance with the applicable Priority of Payments</p> <p>4. Subordinated Loan Note Issuance Agreement</p> <p>Black Horse Limited appointed as Subordinated Loan Provider</p> <p>The Subordinated Loan Provider will advance the Liquidity Reserve Loan and the Issuer Expenses Loan</p> <p>5. Retained Note Purchase Agreement</p> <p>Black Horse Limited undertakes to subscribe for the Class A Notes and the Class S Notes</p> | <p>6. Swap Agreement</p> <p>The Issuer enters into the Swap Transaction with the Swap Counterparty</p> <p>7. Account Bank Agreement</p> <p>Lloyds Bank plc appointed as Account Bank and provides account services for the Distribution Account and the Liquidity Reserve Account</p> <p>8. Back-Up Facilitator Agreement</p> <p>Lloyds Bank plc appointed as Back-Up Facilitator</p> <p>9. Swap Guarantee</p> <p>The Swap Guarantor will provide a guarantee in favour of the Issuer in respect of the Swap Counterparty's obligations under the Swap Agreement</p> <p>10. Agency Agreement</p> <p>Elavon Financial Services DAC, UK Branch appointed as Principal Paying Agent and Registrar</p> <p>11. Corporate Services Agreement</p> <p>Intertrust Management Limited appointed as Corporate Services Provider of the Issuer and Holdings</p> <p>12. Subscription Agreement</p> <p>The Lead Manager undertakes to subscribe for the Floating Rate Notes</p> <p>13. Trust Deed and Deed of Charge</p> <p>The Notes are constituted by the Trust Deed</p> <p>All assets of the Issuer are charged or assigned to the Security Trustee to secure obligations of the Issuer (including the Notes)</p> <p>U.S. Bank Trustees Limited appointed Trustee and Security Trustee</p> |
|--|--|

OVERVIEW OF THE NOTES AND THE TRANSACTION

This overview must be read as an introduction to this Prospectus and your decision to invest in the Notes should be based on a consideration of this Prospectus as a whole.

This overview describes the main terms of the offering of and payments on the Notes, the assets of the Issuer, the cash flows in this securitisation transaction and the credit enhancement available to each Class of Notes. It does not contain all of the information that you should consider in making your decision to purchase any Notes. To understand fully the terms of the Notes and the transaction structure, you should read this Prospectus completely, especially "Risk Factors" starting on page 20.

Transaction Overview

On the Closing Date, the Issuer will use the proceeds from the sale of the Notes to purchase from the Seller a pool of receivables under or in relation to retail auto personal contract purchase agreements, or "**Receivables**", which were originated in England and Wales by the Seller through motor vehicle dealers. The Issuer will issue the Notes on the Closing Date.

Available Principal Collections will be used by the Issuer to meet certain shortfalls in Available Interest Collections and to repay principal on the Notes. Any remaining Available Principal Collections will be applied as Available Interest Collections.

The Available Interest Collections will be used by the Issuer to pay the Issuer's expenses, to make payments to the Swap Counterparty, to pay interest on the Notes, to replenish the Liquidity Reserve Fund, to credit the Principal Deficiency Ledger, to pay interest and principal on the Subordinated Loan and to pay any Swap Counterparty Subordinated Amounts. Any remaining Available Interest Collections will be paid to the Seller in the form of the Deferred Purchase Price, subject to the applicable Priority of Payments.

Transaction Parties

Seller and Servicer	Black Horse Limited
Issuer	Cardiff Auto Receivables Securitisation 2022-1 PLC
Trustee and Security Trustee	U.S. Bank Trustees Limited
Account Bank	Lloyds Bank plc
Cash Manager	Black Horse Limited
Collection Account Bank	Lloyds Bank plc
Principal Paying Agent and Registrar	Elavon Financial Services DAC, UK Branch
Subordinated Loan Provider	Black Horse Limited
Corporate Services Provider	Intertrust Management Limited
Back-Up Facilitator	Lloyds Bank plc
Swap Counterparty	Black Horse Limited
Swap Guarantor	Lloyds Bank plc

For more details about the Transaction Parties and their roles in this securitisation transaction, see "*Principal Transaction Documents*".

Closing Date

The Issuer expects to issue the Notes on or about 11 February 2022 (the "**Closing Date**").

Cut-Off Date

The Issuer will purchase the Receivables on the Closing Date. The Issuer will only have a right to collections on the Receivables applied after the Cut-Off Date.

Form and Denomination

The Notes will be issued in registered form and in the denominations of £100,000 and multiples of £1,000 in excess of £100,000, up to and including £199,000. Interests in the Notes will be represented by the related Global Note. Except in certain limited circumstances, definitive notes will not be available, and no definitive notes will be issued with a denomination above £199,000.

The Global Notes will be issued under the NSS.

For more details about the form and denomination of the Notes, see "*Description of the Notes*".

Status of the Notes

The Notes will be constituted by a trust deed between the Issuer and the Trustee. The Notes are secured limited recourse obligations of the Issuer.

- (a) The Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes;
- (b) the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes;
- (c) the Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes and the Class B Notes;
- (d) the Class D Notes will rank in priority to the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes, the Class B Notes and the Class C Notes;
- (e) the Class E Notes will rank in priority to the Class S Notes but will rank subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
- (f) the Class S Notes will rank subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

Each Class of Notes will rank *pari passu* without preference among the Class.

For more details about the status of the Notes, see "*Description of the Notes*" and "*Terms and Conditions of the Notes*".

Security for the Notes

Under and pursuant to a deed of charge, the Issuer will assign, transfer and/or charge by way of security all of its assets, including the Receivables, the Ancillary Rights (including its interest in Vehicle Proceeds), the Issuer Accounts and all of its other rights under the Transaction Documents (other than the Trust Deed, the Deed of Charge and the Notes) in favour of the Security Trustee to secure its obligations under the Transaction Documents. The Deed of Charge will be governed by English law.

For more details about the security for the Notes, see "*Description of the Notes*" and "*Principal Transaction Documents*".

Payment Dates

The Issuer will pay interest and principal on the Notes on "**Payment Dates**", which will be the 21st day of each calendar month (or, if that day is not a Business Day, the next following Business Day). The first Payment Date will be the Payment Date falling in March 2022.

Interest on the Floating Rate Notes will accrue on the Principal Amount Outstanding of each Note at a per annum rate equal to Compounded Daily SONIA plus:

- (a) in the case of the Class B Notes, 1.60%;
- (b) in the case of the Class C Notes, 1.95%;
- (c) in the case of the Class D Notes, 2.90%; and
- (d) in the case of the Class E Notes, 4.25%;

in each case, the sum being subject to a floor of zero.

Interest on the Class A Notes will accrue on the Principal Amount Outstanding of each Class A Note at a per annum rate equal to 1.20%. Interest on the Class S Notes will accrue on the Principal Amount Outstanding of each Class S Note at a per annum rate equal to 5.50%.

Interest on each Class of Notes other than the Controlling Class may be deferred in accordance with Condition 4(k) (*Deferred Interest*). Interest will accrue on any interest so deferred in accordance with that Condition.

Unless previously redeemed in full, each Class of Notes will be required to be redeemed on the Final Legal Maturity Date for that Class of Notes listed below.

<u>Class of Notes</u>	<u>Final Legal Maturity Date</u>
Class A Notes	The Payment Date falling in October 2028
Class B Notes	The Payment Date falling in October 2028
Class C Notes	The Payment Date falling in October 2028
Class D Notes	The Payment Date falling in October 2028
Class E Notes.....	The Payment Date falling in October 2028
Class S Notes.....	The Payment Date falling in October 2028

It is expected that each Class of Notes will be paid in full earlier than its Final Legal Maturity Date, however the Issuer will not be obliged to pay a specific amount of principal of a Note on any date other than its Principal Amount Outstanding on its Final Legal Maturity Date. Failure to pay principal of a Note will not be an Event of Default until its Final Legal Maturity Date.

Amortisation of the Notes will commence on the first Payment Date, subject to availability of Available Principal Collections and application of Available Principal Collections in accordance with the Principal Priority of Payments.

For more details about the payment of interest and principal on each Payment Date see "*Description of the Notes*" and "*Terms and Conditions of the Notes*".

Clean-Up Call Option

The Seller will have an option (but will not be obliged) to repurchase all of the Receivables on any Payment Date after the aggregate Principal Amount Outstanding of the Rated Notes has been reduced to 10% or less of the initial aggregate Principal Amount Outstanding of the Rated Notes as at the Closing Date. The Seller may exercise its clean-up call option only if the purchase price for the Receivables is sufficient, taking into account any amounts in the Distribution Account, to pay in full both the principal and the interest under the Notes and all items ranking in priority to principal and interest and other amounts due in respect of the Notes in accordance with the Interest Priority of Payments and the Principal Priority of Payments. On the Seller's exercise of its clean-up call option, the Notes will be redeemed and paid in full by the Issuer.

For more details about the clean-up call option, see "*Description of the Notes – Option to purchase*", "*Principal Transaction Documents – Receivables Sale Deed – Clean-Up Call Option*" and "*Terms and Conditions of the Notes*".

Optional early redemption for taxation and other reasons

If a change of law occurs after the Closing Date and the Issuer is required to deduct or withhold from or account for Tax in respect of a payment by it on the Notes or would itself suffer a Tax (other than on the

Retained Amount) and the Issuer is unable to avoid such deduction, withholding or requirement to account for Tax, then the Issuer may be entitled to redeem all of the Notes.

For more details about the optional early redemption for taxation and other reasons, see "*Terms and Conditions of the Notes*".

Issuer's Assets

The Issuer's assets will include:

- the Purchased Receivables and Collections on the Purchased Receivables applied after the relevant Cut-Off Date;
- proceeds of the sale of Financed Vehicles in respect of which the Customer has not paid the Optional Final Payment or which have been returned to the Seller for any other reason;
- rights under the Purchased Receivable Agreements;
- proceeds from claims on insurance policies covering the Financed Vehicles or the Customers;
- rights under the Collection Account Trust;
- rights in the Issuer Accounts; and
- rights under the Transaction Documents.

The Receivables

The Receivables that will be sold to the Issuer are rights to amounts payable under the Receivable Agreements originated in the United Kingdom and governed under the laws of England and Wales that relate to new and used Vehicles, or "**Financed Vehicles**". The purchasers of the Financed Vehicles who are responsible for making payments on the Receivables are retail customers, or "**Customers**". The agreements under which the Receivables arise take the form of personal contract purchase agreements (the "**Receivable Agreements**") between Black Horse and Customers. None of the Receivable Agreements are hire-purchase agreements.

The Receivable Agreements are used for the financing of New Vehicles and Used Vehicles in the retail market. The Receivable Agreements contain standard rental terms where an initial payment may be required, followed by a series of equal monthly instalments and an optional additional larger "balloon" final rental payment at the end of the term of the Receivable Agreement, where the Customer can either settle the contract by paying the balloon payment (and thereby purchase the Vehicle) or, subject to the Vehicle being in a condition acceptable to Black Horse and within agreed mileage (or if the Customer makes an additional payment to compensate for the additional mileage or unacceptable condition), return the vehicle to Black Horse in full and final settlement of the Receivable Agreement. If the customer does not exercise the purchase option Black Horse will sell the Vehicle and the sale proceeds of the Vehicle are transferred to the Issuer as Vehicle Proceeds, with any shortfall being written off by the Issuer and not recovered from the Customer.

Title to the Related Vehicles will remain with Black Horse until it is transferred to the relevant Customer under the terms of the relevant Receivable Agreement or is sold by Black Horse following either (a) repossession of the Vehicle from the relevant customer or (b) return of the relevant Vehicle by the Customer or (c) a return of a Vehicle under a VT Receivable or PCP balloon option by the relevant Customer.

Receivables with an aggregate outstanding principal balance of approximately £609,999,517.41 will be transferred to the Issuer on the Closing Date.

Summary characteristics of the Provisional Portfolio as of 7 December 2021

Number of Receivable Agreements	24,753
Aggregate Outstanding Principal Balance	£665,220,806
Aggregate Optional Final Payment Balance	£432,467,954
Average Outstanding Principal Balance	£26,874
Weighted Average Original Principal	£40,064

Weighted Average Original Loan-To-Value	84.86%
Weighted Average Interest Rate	5.88%
New (by number of contracts)	53.65%
New (by value)	68.72%
Used (by number of contracts)	46.35%
Used (by value)	31.28%
Individual contracts	100.00%
Corporate contracts	0.00%

For more details about the information in this table, including how it is calculated and defined, and for more information about the characteristics of the Receivables and for more details about the aggregate net present value of the Receivables, see "*The Provisional Portfolio*".

Eligibility Criteria

The Receivables were selected by Black Horse from its portfolio of Receivable Agreements that meet the Eligibility Criteria using selection procedures that Black Horse believes not to be adverse to Noteholders. The Eligibility Criteria include that:

1. as at the Cut-Off Date:
 - (a) each Receivable:
 - (i) has been randomly selected from a pool of eligible loans;
 - (ii) relates to a New Vehicle or Used Vehicle;
 - (iii) arises under a Receivable Agreement designed as a fixed rate personal contract purchase agreement;
 - (iv) is denominated and payable in Sterling;
 - (v) is not a Defaulted Receivable, a PCP Handback Receivable or a VT Receivable;
 - (vi) has an Outstanding Principal Balance of not less than £1,000 or greater than £80,000;
 - (vii) is not a Delinquent Receivable;
 - (viii) has had at least three monthly payments made in respect of it by the Customer;
 - (ix) is not a Receivable Agreement in respect of which insurance products have been sold or financed;
 - (x) does not have an annual percentage rate of the total charge for credit (APR) in excess of 25%;
 - (xi) has a credit score of "A" in accordance with the Seller's Credit and Collection Procedures;
 - (xii) is freely transferable by the Seller;
 - (xiii) is a Receivable in respect of which no withholding taxes are applicable to any payments made under the relevant Receivable Agreement;
 - (xiv) is a Receivable in respect of which no stamp duty or other stamp taxes are payable in connection with the assignment and transfer of that Receivable or its Ancillary Rights to the Issuer;
 - (xv) is a Receivable in respect of which the Seller's interest in relation to the Related Vehicle is registered with a nationally recognised agency that regulates and records interests in vehicles (including Car Data Register);
 - (xvi) is not classified on the Seller's systems or identified in its records as "Refer to File" indicating that it falls into one or more specified categories which, for

example, indicates quality disputes, modified agreements, voluntary terminations, insurance claim pending, cast doubt on the creditworthiness of the Customer, such as where fraud is suspected or legal proceedings have been commenced;

- (xvii) is due from a Customer who does not have a credit assessment indicating, based on the originator's underwriting policy, a significant risk that contractually agreed payments will not be made;
 - (xviii) has a remaining term of not less than six months; and
 - (xix) is not currently, nor has it since its origination, been subject to a COVID-19 related payment holiday or any change to the date on which monthly payments are due in respect of it;
2. as at the relevant origination date, in respect of each Receivable, the Related Receivable Agreement:
- (a) is due from a Customer who:
 - (i) was resident in England or Wales;
 - (ii) was not insolvent or bankrupt and no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction against it (to the best knowledge of the originator); and
 - (iii) has not had a county court judgment entered or awarded against him on or in the three years prior to the date of origination of the relevant Receivable.
 - (b) was originated at point of sale, and not by direct lending;
 - (c) has been entered into with a Customer that is an individual;
 - (d) was originated on or after 1 January 2019;
 - (e) did not have a loan-to-value ratio of over 100%;
 - (f) had a term of not more than 50 months;
 - (g) had a term of not less than twelve months; and
 - (h) provided for an interest rate of not less than 3% per annum; and
3. on each date on which a Variation is agreed in respect of a Purchased Receivable, the Variation is not a Non-Permitted Variation.

For more details about the eligibility criteria of the Receivables, see "*The Provisional Portfolio – Selection of Receivables*".

Servicer

Black Horse will be the Servicer of the Receivables.

The Servicer is responsible for collecting payments on the Receivables, administering payoffs, defaults and delinquencies and repossessing Financed Vehicles and selling repossessed and redelivered Vehicles and liquidating Financed Vehicles.

The Servicer will prepare Monthly Reports on the Receivables, payments on the Notes and credit enhancement.

The Servicer will act as custodian and maintain custody of the Receivables files.

For more details about the servicing of the Receivables, see "*Principal Transaction Documents – Servicing Agreement*".

Cash Manager

Black Horse will be the Cash Manager. The Cash Manager is responsible for managing the Issuer's accounts, calculating and arranging for payments to be made on behalf of the Issuer from such accounts on the basis of information in the Monthly Report provided to it by the Servicer.

Priorities of Payments

On each Payment Date, the Issuer will use Available Funds from the Collection Period to make payments in the order of priority listed below.

Available Funds will consist primarily of Collections on the Receivables. This priority of payments will apply unless the Notes are accelerated after an Event of Default.

Interest Priority of Payments

On each Payment Date before the service of an Enforcement Notice, the Issuer will apply the Available Interest Collections in the order of priority listed below (**provided that** amounts standing to the credit of the Liquidity Reserve Ledger shall not be applied towards items (ix), (xii), (xv), (xviii), (xx), (xxi) or (xxii) below):

- (i) **Retained Amount** – *first*, in or towards retention by the Issuer of the Retained Amount;
- (ii) **Amounts due to the Security Trustee and the Trustee** – *second*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Security Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Security Trustee, and to make provision for any amounts due or to become due during the following Calculation Period to the Security Trustee under the Deed of Charge; and
 - (b) the Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Trustee, and to make provision for any amounts due or to become due during the following Calculation Period to the Trustee under the Trust Deed.

in each case, together with any arrears remaining unpaid for such amounts;
- (iii) **Amounts due to the Principal Paying Agent and the Registrar** – *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Agents together with interest and any amount in respect of VAT (if any) on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Calculation Period to the Agents under the Agency Agreement;
- (iv) **Amounts due to third parties** – *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to any third party creditors of the Issuer (other than those referred to later in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer, up to a maximum amount equal to £20,000, and, to the extent the Retained Amounts are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
- (v) **Amounts due to Transaction Parties** – *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Cash Manager, together with any amount in respect of VAT (if any) on those amounts due to the Cash Manager, and to provide for any amounts due or to become due to the Cash Manager in the immediately succeeding Interest Period, under the Cash Management Agreement;

- (b) the Servicer, together with any amount in respect of VAT (if any) on those amounts due to the Servicer, and to provide for any amounts due or to become due to the Servicer, in the immediately succeeding Interest Period, under the Servicing Agreement;
 - (c) the Corporate Services Provider, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
 - (d) the Account Bank, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Account Bank in the immediately succeeding Interest Period, under the Account Bank Agreement;
 - (e) to the extent applicable, the Back-Up Facilitator, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Back-Up Facilitator in the immediately succeeding Interest Period, under the Back-Up Facilitator Agreement;
 - (f) any auditors of, and other professional advisers to, the Issuer; and
 - (g) any Insolvency Official of the Seller, the Incentive Fee (if any);
- (vi) **Amounts due to the Swap Counterparty** – *sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Swap Counterparty together with interest on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Calculation Period to the Swap Counterparty under the Swap Agreement (in each case, other than Swap Counterparty Subordinated Amounts or Swap Counterparty Excluded Amounts);
- (vii) **Class A Interest** – *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders of interest due and payable on the Class A Notes;
- (viii) **Class A Liquidity Reserve Ledger** – *eighth*, either:
- (a) prior to the Payment Date on which the Class A Notes will be repaid in full, in or towards credit to the Class A Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class A Liquidity Reserve Ledger to the Class A Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class A Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
- (ix) **Class A Principal Deficiency Ledger** – *ninth*, in or towards credit to the Class A Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class A Principal Deficiency Ledger to zero;
- (x) **Class B Interest** – *tenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class B Notes;
- (xi) **Class B Liquidity Reserve Ledger** – *eleventh*, either:
- (a) prior to the Payment Date on which the Class B Notes will be repaid in full, in or towards credit to the Class B Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class B Liquidity Reserve Ledger to the Class B Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class B Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on

the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date; and

- (xii) **Class B Principal Deficiency Ledger** – *twelfth*, in or towards credit to the Class B Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class B Principal Deficiency Ledger to zero;
- (xiii) **Class C Interest** – *thirteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class C Notes;
- (xiv) **Class C Liquidity Reserve Ledger** – *fourteenth*, either:
 - (a) prior to the Payment Date on which the Class C Notes will be repaid in full, in or towards credit to the Class C Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class C Liquidity Reserve Ledger to the Class C Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class C Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
- (xv) **Class C Principal Deficiency Ledger** – *fifteenth*, in or towards credit to the Class C Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class C Principal Deficiency Ledger to zero;
- (xvi) **Class D Interest** – *sixteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class D Notes;
- (xvii) **Class D Liquidity Reserve Ledger** – *seventeenth*, either:
 - (a) prior to the Payment Date on which the Class D Notes will be repaid in full, in or towards credit to the Class D Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class D Liquidity Reserve Ledger to the Class D Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class D Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date;
- (xviii) **Class D Principal Deficiency Ledger** – *eighteenth*, in or towards credit to the Class D Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class D Principal Deficiency Ledger to zero;
- (xix) **Class E Interest** – *nineteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class E Notes;
- (xx) **Class E Liquidity Reserve Ledger** – *twentieth*, either:
 - (a) prior to the Payment Date on which the Class E Notes will be repaid in full, in or towards credit to the Class E Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class E Liquidity Reserve Ledger to the Class E Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class E Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date;

- (xxi) **Class E Principal Deficiency Ledger** – *twenty-first*, in or towards credit to the Class E Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class E Principal Deficiency Ledger to zero;
- (xxii) **Class S Principal Deficiency Ledger** – *twenty-second*, in or towards credit to the Class S Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class S Principal Deficiency Ledger to zero;
- (xxiii) **Class S Interest** – *twenty-third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholder of interest (including any Deferred Interest and Additional Interest) due and payable on the Class S Notes;
- (xxiv) **Swap Counterparty Subordinated Amounts** – *twenty-fourth*, in or towards payment of any Swap Counterparty Subordinated Amounts, if any, due and payable to the Swap Counterparty in respect of the Swap Agreement;
- (xxv) **Other amounts due by Issuer** – *twenty-fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to any other party of any amounts due by the Issuer under the Transaction Documents to whom payment has not already been provided for elsewhere;
- (xxvi) **Liquidity Reserve Loan and Issuer Expenses Loan Interest** – *twenty-sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any interest due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan;
- (xxvii) **Issuer Expenses Loan Principal** – *twenty-seventh*, in or towards payment to the Subordinated Loan Provider of any principal amount due and payable on the Issuer Expenses Loan;
- (xxviii) **Liquidity Reserve Loan Principal** – *twenty-eighth*, *pari passu* and *pro rata* according to the respective amounts thereof:
 - (a) on each Payment Date after the Payment Date on which the Class A Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (viii)(b) and this item (xxviii)(a) is equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
 - (b) on each Payment Date after the Payment Date on which the Class B Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xi)(b) and this item (xxviii)(b) is equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date;
 - (c) on each Payment Date after the Payment Date on which the Class C Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xiv)(b) and this item (xxviii)(c) is equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
 - (d) on each Payment Date after the Payment Date on which the Class D Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xvii)(b) and this item (xxviii)(d) is equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date; and
 - (e) on each Payment Date after the Payment Date on which the Class E Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xx)(b) and this item (xxviii)(e) is equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date; and

(xxix) **Deferred Purchase Price** – *twenty-ninth*, in payment to the Seller of all remaining Available Interest Collections as Deferred Purchase Price,

in each case only to the extent that all payments of a higher priority to be paid or provided for on such Payment Date have been made in full.

If, on or prior to any Payment Date, the Servicer has not provided the Cash Manager with sufficient information to make the determinations required to apply Available Interest Collections in accordance with the Interest Priority of Payments, then the Cash Manager shall first apply Available Interest Collections to pay items (i) to (vii) (inclusive) of the Interest Priority of Payments and thereafter all remaining amounts representing Available Interest Collections shall be credited to the Distribution Account for application as Available Interest Collections on the next following Payment Date.

Principal Priority of Payments

On each Payment Date before the service of an Enforcement Notice, the Issuer will apply the Available Principal Collections in the order of priority listed below:

- (i) **Remaining Interest Collections Shortfall** – *first*, in or towards application of an amount equal to the Remaining Interest Collections Shortfall as Available Interest Collections;
- (ii) **Class A Principal** – *second*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders of principal of the Class A Notes until paid in full;
- (iii) **Class B Principal** – *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders of principal of the Class B Notes until paid in full;
- (iv) **Class C Principal** – *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders of principal of the Class C Notes until paid in full;
- (v) **Class D Principal** – *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders of principal of the Class D Notes until paid in full;
- (vi) **Class E Principal** – *sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders of principal of the Class E Notes until paid in full;
- (vii) **Class S Principal** – *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholders of principal of the Class S Notes until paid in full; and
- (viii) **Available Interest Collections** – *eighth*, in application of any remaining amounts to Available Interest Collections,

but in each case only to the extent that all payments of a higher priority to be paid or provided for on such Payment Date have been made in full.

If, on or prior to any Payment Date, the Servicer has not provided the Cash Manager with sufficient information to make the determinations required to apply Available Principal Collections in accordance with the Principal Priority of Payments, then the Cash Manager shall first apply Available Principal Collections to pay item (i) of the Principal Priority of Payments and thereafter all remaining amounts representing Available Principal Collections shall be credited to the Distribution Account for application as Available Principal Collections on the next following Payment Date.

For more details about the Priority of Payments and the allocation of funds on each Payment Date, see "*Terms and Conditions of the Notes*".

Events of Default

Each of the following events or circumstances is an "**Event of Default**" under the Notes:

- the Issuer fails to pay interest due on Notes of the Controlling Class within five Business Days of its due date;
- the Issuer fails to pay the principal amount of a Class of Notes in full on its Final Legal Maturity Date;
- the Issuer breaches its obligations under the Transaction Documents and such breach has a Material Adverse Effect and is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 60 calendar days;
- the Security granted under the Transaction Documents becoming void, unenforceable or ineffective; and
- an Insolvency Event regarding the Issuer.

On the occurrence of an Event of Default, the Notes may be declared immediately due and payable by the Trustee in its absolute discretion or in compliance with the directions of the Controlling Class acting by way of a Written Resolution or by way of an Extraordinary Resolution (and subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction).

If the Notes are accelerated after an Event of Default, the priority of payments will change and the Issuer will not pay interest on Notes that are not part of the Controlling Class until both interest and principal on the Controlling Class are paid in full and all Issuer expenses are paid in full.

For more details about the events of default and the rights of noteholders and the priority of payments following an Event of Default, see "*Description of the Notes*" and "*Terms and Conditions of the Notes*".

Controlling Class

Holders of the Controlling Class will control certain amendments to the Transaction Documents as well as certain decisions regarding the Issuer, including whether to waive an Event of Default and a Servicer Termination Event, or accelerate the Notes, cause a sale of the Receivables or direct the Trustee to exercise other remedies following an Event of Default. Holders of Notes that are not part of the Controlling Class will not have these rights. Notes of the Controlling Class held by Black Horse, Lloyds Bank plc or any of their affiliates will not be considered outstanding for the purposes of any Lloyds Matter

The "**Controlling Class**" will be:

- (a) the Holders of Class A Notes then outstanding, for so long as Class A Notes are outstanding;
- (b) thereafter, the Holders of the Class B Notes then outstanding, for so long as Class B Notes are outstanding;
- (c) thereafter, the Holders of the Class C Notes then outstanding, for so long as Class C Notes are outstanding;
- (d) thereafter, the Holders of the Class D Notes then outstanding, for so long as Class D Notes are outstanding
- (e) thereafter, the Holders of the Class E Notes then outstanding, for so long as Class E Notes are outstanding; and
- (f) thereafter, the Holders of the Class S Notes then outstanding.

For more details about the actions that the Controlling Class may direct and the circumstances in which Notes held by Black Horse, Lloyds Bank plc and their affiliates will not be considered outstanding, see "*Terms and Conditions of the Notes*".

Credit Enhancement

Credit enhancement provides protection for the Notes against losses on the Receivables and potential shortfalls in the amount of cash available to the Issuer to make required monthly payments. If the credit enhancement is not sufficient to cover all amounts payable on the Notes, the losses will be allocated to the Notes by reverse seniority with junior Notes bearing the risk of loss before more senior Classes.

The following credit enhancement will be available to the Issuer.

Subordination

The Issuer will pay interest on the Class A Notes, and then will pay interest sequentially to the remaining Classes of Notes in order of seniority. The Issuer will not pay interest on:

- (a) the Class B Notes until all interest due on the Class A Notes is paid in full;
- (b) the Class C Notes until all interest due on the Class A Notes and the Class B Notes is paid in full;
- (c) the Class D Notes until all interest due on the Class A Notes, the Class B Notes and the Class C Notes is paid in full;
- (d) the Class E Notes until all interest due on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is paid in full; or
- (e) the Class S Notes until all interest due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is paid in full.

The Issuer will repay principal sequentially to each Class of Notes in order of seniority. The Issuer will not repay principal on:

- (a) the Class B Notes until the principal amounts of the Class A Notes are repaid in full;
- (b) the Class C Notes until the principal amounts of the Class A Notes and the Class B Notes are repaid in full;
- (c) the Class D Notes until the principal amounts of the Class A Notes, the Class B Notes and the Class C Notes are repaid in full;
- (d) the Class E Notes until the principal amounts of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are repaid in full; or
- (e) the Class S Notes until the principal amounts of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are repaid in full.

For more details about the priority of payments, including changes to the priority after an Event of Default and acceleration of the Notes, see "*Description of the Notes*" and "*Terms and Conditions of the Notes*".

Excess Spread

On each Payment Date, excess spread for a Class of Rated Notes is the amount of any excess Available Interest Collections following the payment of prior ranking items in the Interest Priority of Payments, including the sum of the Trustee and Security Trustee fees and other senior expenses of the Issuer, the Servicing Fee, payments to the Swap Counterparty, interest on that Class of Rated Notes and all Classes of Rated Notes ranking senior to that Class of Rated Notes and the replenishment of the Liquidity Reserve Fund.

Excess spread in relation to a Class of Rated Notes will be used to cover Deficiencies recorded to the sub-ledger of the Principal Deficiency Ledger in respect of that Class of Rated Notes. Remaining amounts will be used to cover Deficiencies recorded to the Class S Principal Deficiency Ledger and then paid to, among others, the Class S Noteholders as interest on the Class S Notes, the Swap Counterparty as Swap Counterparty Subordinated Amounts, the Subordinated Loan Provider as payments of interest and principal on the Subordinated Loan, and the Seller as Deferred Purchase Price.

For more details about the use of excess spread as credit enhancement for the Notes, see "*Credit Enhancement – Excess Spread*".

Repurchases of Receivables

Repurchase of Receivables for Breach of Representations and Warranties

Black Horse will make representations and warranties about the Receivables to the Issuer. Generally, these representations and warranties relate to legal standards for origination and transfer of the Receivables, terms of the agreements, and the nature of the interest in the Receivables and the Financed Vehicles. Black Horse will repurchase any Non-Compliant Receivable, not later than the end of the Calculation Period immediately following the Calculation Period in which the party discovering such breach gave written notice thereof to the others, for a repurchase price equal to the Outstanding Principal Balance of such Receivable as at the Closing Date, less any amounts (without double-counting) in respect of any Principal Element recovered or received by the Issuer in respect of that Receivable as at the date of repurchase. In the case of a Purchased Receivable which did not exist, or has ceased to exist, such that it is not outstanding on the date on which it is otherwise due to be repurchased, Black Horse will not be obliged to repurchase the relevant Receivable but will pay to the Issuer the Receivables Indemnity Amount.

Where any Purchased Receivables are determined to be in breach of any Receivables Warranties made (including the Eligibility Criteria) by reason of a Receivable Agreement (or part thereof) being determined illegal, invalid, non-binding, unenforceable or cancellable under the CCA, the Seller will not be obliged to repurchase the relevant Receivables but will pay the CCA Compensation Payment to the Issuer, being an amount, calculated by the Servicer in accordance with the Servicing Agreement, required to compensate the Issuer for any loss arising as a result thereof.

For more details about the representations made in connection with the sale of the Receivables to the Issuer and the repurchase obligation if these representations are breached, see "*Principal Transaction Documents – Receivables Sale Deed*" and "*– Servicing Agreement*".

Repurchase of Receivables for Servicer Actions

Black Horse as Seller must purchase a Receivable from the Issuer if the Servicer makes any modifications to a Receivable Agreement relating to a Purchased Receivable, other than a Defaulted Receivable, which is a "**Non-Permitted Variation**". A Non-Permitted Variation is any change to a Receivable Agreement that relates to a Purchased Receivable, other than a Defaulted Receivable, and which has the effect of:

- reducing the Outstanding Principal Balance of the Purchased Receivable;
- sanctioning any kind of payment holiday (other than any payment holiday required to be sanctioned by any Requirement of Law or Regulatory Direction, unless the Seller elects, in its sole discretion, voluntarily to classify that sanctioning in relation to that Purchased Receivable as a Non-Permitted Variation);
- reducing the total interest payable by the Customer over the term of the Purchased Receivable; or
- extending the term of the Purchased Receivable by more than one month.

For more details about Non-Permitted Variations and the purchase obligation for these receivables, see "*Principal Transaction Documents – Receivables Sale Deed*".

Seller Indemnity for exercise of set-off, equity or counterclaim by a Customer

Where a Customer has exercised or purported to exercise any right of set-off in respect of any debt (present or future, actual or contingent) due or owing by such Customer to the Seller or alleged to be so due and owing (including, without limitation, any right of set-off pursuant to Section 56 and Section 75 and Section 75A of the CCA, or Sections 9(1) or 10(3) of the Consumer Rights Act 2015 and the SGITA); or netting, any other equity, counterclaim or other similar right or action which reduces any amount payable by such Customer in respect of such Purchased Receivable, Black Horse as seller will pay to the Issuer or Security Trustee (as applicable) the Set-Off Indemnity Amount.

For more details about Exercise of set-off, netting, equity or counterclaim by a Customer, see "*Principal Transaction Documents – Receivables Sale Deed*".

Ratings

The Issuer expects that the Rated Notes will receive the credit ratings listed below from the Rating Agencies:

<u>Class of Notes</u>	<u>S&P</u>	<u>DBRS</u>
Class A Notes.....	AAA (sf)	AAA (sf)
Class B Notes.....	A (sf)	A (high) (sf)
Class C Notes.....	BBB (sf)	A (low) (sf)
Class D Notes.....	BB (sf)	BBB (low) (sf)
Class E Notes.....	B (sf)	BB (sf)

The Class S Notes will not be rated.

Each of S&P Global Ratings UK Limited and DBRS Ratings Limited is established in the UK and registered under the UK CRA Regulation. Each of S&P Global Ratings UK Limited and DBRS Ratings Limited appears on the latest update of the list of registered credit rating agencies (as of 9 February 2022) on the FCA's Financial Services Register.

The ratings S&P Global Ratings UK Limited has given to the Rated Notes are endorsed by S&P Global Ratings Europe Limited. The ratings DBRS Ratings Limited has given to the Rated Notes are endorsed by DBRS Ratings GmbH. Each of S&P Global Ratings Europe Limited and DBRS Ratings GmbH is established in the EEA and registered under the EU CRA Regulation. Each of S&P Global Ratings Europe Limited and DBRS Ratings GmbH has been certified under the EU CRA Regulation.

The ratings of the Notes will reflect the likelihood of the timely payment of interest and the ultimate repayment of principal on the Notes according to their terms. Each Rating Agency rating the Notes will monitor its ratings under its normal surveillance process. A Rating Agency may change or withdraw an assigned rating at any time. A rating action taken by one Rating Agency may not necessarily be taken by another rating Agency. No transaction party will be responsible for monitoring changes to the ratings of the Notes.

Listing

Application has been made to the FCA for the Rated Notes to be listed on the FCA's Official List and to the London Stock Exchange plc for the Rated Notes to be admitted to trading on its regulated market.

Clearing System

Clearstream, Luxembourg and Euroclear (each, an "ICSD").

Tax Status of the Notes

See "*Taxation*".

Withholding Tax

All payments of interest and principal on the Notes will be made without withholding taxes, unless required by law (or under FATCA). If withholding is required, the Issuer will not be obliged to make additional payments.

Selling Restrictions

See "*Subscription and Sale*".

Clearing Codes

<u>Class of Notes</u>	<u>ISIN</u>	<u>Common Code</u>	<u>CFI</u>	<u>FISN</u>
Class A Notes.....	XS2435091900	243509190	DBFNFR	CARDIFF AUTO RE/EUR NT 20281017
Class B Notes.....	XS2435092387	243509238	DBVNFR	CARDIFF AUTO RE/VAREUR NT 20281017
Class C Notes.....	XS2435092627	243509262	DBVNFR	CARDIFF AUTO RE/VAREUR NT 20281017
Class D Notes.....	XS2435093278	243509327	DBVNFR	CARDIFF AUTO RE/VAREUR NT 20281017

<u>Class of Notes</u>	<u>ISIN</u>	<u>Common Code</u>	<u>CFI</u>	<u>FISN</u>
Class E Notes.....	XS2435093518	243509351	DBVNFR	CARDIFF AUTO RE/VAREUR NT 20281017

RISK FACTORS

The following is an overview of certain aspects of the Notes of which investors in the Notes should be aware, but it is not intended to be exhaustive and, for more details, investors should read the information set out elsewhere in this Prospectus.

The Notes are sophisticated instruments, which can involve a significant degree of risk. Investors should ensure that they understand thoroughly the nature and terms of the Notes and the extent of their exposure to the relevant risk and be familiar with the behaviour of any relevant indices and financial markets. Investors should also ensure that they (a) have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and the information contained in this Prospectus, (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio, (c) consider the suitability of the Notes as an investment in light of their own circumstances and financial condition, (d) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes and (e) are able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Furthermore, each potential investor should base its investment decision on its own and independent investigation and on the advice of its professional advisors (with whom the investor may deem it necessary to consult) and be able to assess whether an investment in the Notes (a) is in compliance with its financial requirements, its targets and situation (or if it is acquiring the Notes in a fiduciary capacity, those of the beneficiary), (b) is in compliance with its principles for investments, guidelines for or restrictions on investments (regardless of whether it acquires the Notes for itself or as a trustee), and (c) is an appropriate investment for itself (or for any beneficiary if acting as a trustee), notwithstanding the risks of such investment.

Various factors that may affect the Issuer's ability to fulfil its obligations under the Notes are categorised below as:

1.	<i>Risks related to the availability of funds to pay the Notes</i>	<i>21</i>
2.	<i>Risks relating to the Underlying Assets and the performance of the Notes</i>	<i>22</i>
3.	<i>Risks relating to the Underlying Assets and the lives of the Notes</i>	<i>26</i>
4.	<i>Macro-Economic Risks</i>	<i>27</i>
5.	<i>Counterparty Risks.....</i>	<i>28</i>
6.	<i>Risks relating to the Structure.....</i>	<i>29</i>
7.	<i>Risks relating to the Characteristics of the Notes</i>	<i>32</i>
8.	<i>Legal and Regulatory Risks relating to the Underlying Assets.....</i>	<i>35</i>
9.	<i>Legal and Regulatory Risks relating to the Structure and the Notes</i>	<i>41</i>

Several risks may fall into more than one of these nine categories and investors should therefore not conclude from the fact that a risk factor is discussed under a specific category that such risk factor could not also be discussed under one or more other categories.

None of the Issuer, the Arranger, the Lead Manager nor any other Transaction Party is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Notes and investors may not rely on any such entity. The Arranger, Lead Manager and the Transaction Parties do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any of the other Transaction Parties.

RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

The assets of the Issuer are limited and are the only source of payment for your Notes

The Issuer will not have assets or sources of funds other than the Receivables and related property it owns. Credit and payment enhancement is limited. Your Notes will not be insured or guaranteed by Black Horse or its affiliates or anyone else. If these assets or sources of funds or enhancements are insufficient to pay your Notes in full, you will incur losses on your Notes.

For more details about the Issuer not having title to the Financed Vehicles, see "*Risk Factors – Risks relating to the Underlying Assets and the Performance of the Notes – No transfer of title to financed vehicles*".

The Notes will be limited recourse obligations of the Issuer. The primary source of funds for payments of your Notes will be the Receivables, or the sale of Vehicles handed back by Customers under VT Receivables and PCP balloon options. If Customers default on the Receivables, the Issuer should be able to obtain funds from the realisation of the related Financed Vehicles by Black Horse and, in some cases, from third party insurance or comprehensive vehicle insurance but this may not be adequate to ensure timely and full payment of the Notes. Other than the foregoing, payments due to the Issuer under the Swap Agreement, the Liquidity Reserve Fund and interest earned on the Distribution Account and the Liquidity Reserve Account or alternative investments, the Issuer is not expected to have any other funds to meet its obligations under the Notes.

For more details about the insurance, see "*Seller, Servicer, Cash Manager and Subordinated Loan Provider – Origination, Underwriting and Purchasing – Insurance*".

The Issuer's ability to make full payments of interest and principal on the Notes will also depend on Black Horse performing its obligations under the Servicing Agreement to collect amounts due from Customers and/or recover Vehicles and realise sale proceeds, and transfer amounts so collected to the Distribution Account and the Cash Manager performing its obligations under the Cash Management Agreement.

In the event that the net proceeds of enforcing and realising all the Security are (after application of the proceeds in accordance with the provisions of the Deed of Charge) insufficient to discharge in full all amounts then due and payable to any Secured Parties (which include the Noteholders), the Issuer's obligation in respect of the unpaid amount shall be automatically extinguished and such Secured Parties shall have no further claim against the Issuer in respect of such unpaid amount.

In the event of non-payment of any sum due and payable to a Secured Party, that Secured Party's only remedy shall be the Security Trustee's enforcement of the Security in accordance with the provisions of the Deed of Charge and the other Transaction Documents.

Non Petition

The Secured Parties (or any other person acting on behalf of any of them) and each other party to the Transaction Documents shall not be entitled to take any action or commence any proceedings to recover any amounts due and payable by the Issuer under the Transaction Documents (except for the Security Trustee and Trustee as permitted pursuant to the Transaction Documents) or to take any action or commence any proceedings or petition a court for the liquidation of the Issuer, nor enter into any arrangement, reorganisation or insolvency proceedings in relation to the Issuer whether under the laws of England and Wales or other applicable bankruptcy laws until two years and one day after the payment or extinguishment of all Secured Obligations of the Issuer.

An Event of Default and acceleration of the Notes may result in earlier than expected payment of your Notes or losses on your Notes

An Event of Default may result in the remaining amounts due on the Notes being declared immediately due and payable. If collections on the Receivables and the proceeds of a sale of Receivables (or, following delivery of an Enforcement Notice the proceeds of enforcement of the Security) are insufficient to pay the amounts owed on your Notes, you may have delays in payments or losses on your Notes. If the principal owing on your Notes is paid earlier than expected, you may not be able to reinvest the principal at a rate of return that is equal to or greater than the rate of return on your Notes. If the Notes are accelerated after an

Event of Default, the Issuer will not pay interest on or principal of Notes that are not part of the Controlling Class until all interest on and principal of the Notes of the Controlling Class is paid in full.

For more details about the Events of Default, acceleration of the Notes and the change in the Priority of Payments following certain Events of Default and acceleration of the Notes, see "*Description of the Notes*" and "*Terms and Conditions of the Notes*".

RISKS RELATING TO THE UNDERLYING ASSETS AND THE PERFORMANCE OF THE NOTES

Performance of the Receivables is uncertain

Historical performance and reference to historical information cannot give assurance that performance will remain constant. The performance of the Purchased Receivables depends on a number of factors, including economic conditions, unemployment levels, the circumstances of individual Customers, Black Horse's underwriting standards at origination, the resale value of repossessed or returned Vehicles, the terms of the Receivable Agreements which may be amended following origination and the success of Black Horse's servicing and collection strategies which may change over time.

Vehicles that are repossessed or returned by Customers are typically sold at auctions as used vehicles. The pricing of used vehicles is affected by supply and demand for those vehicles, which is influenced by many factors including consumer tastes, economic conditions, fuel costs, the introduction and pricing of new vehicle models, the impact of vehicle recalls or the discontinuation of vehicle models or brands. An adverse impact on the resale value for repossessed vehicles could result in increased losses on the Receivables and losses on your Notes.

Consequently, no accurate prediction can be made of how the Purchased Receivables will perform based on credit evaluation scores or other similar measures. Ultimately, this could result in losses on the Notes.

Interest rate risk

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Purchased Receivables and the rate of interest payable in respect of the Floating Rate Notes. The Purchased Receivables pay or will pay a fixed rate of interest for an initial period of time. However, the Issuer's liabilities under the Floating Rate Notes are based on SONIA for the relevant period.

To provide a hedge against the possible variance between: (a) the fixed rates of interest payable on the Purchased Receivables; and (b) the rate of interest under the Floating Rate Notes being calculated by reference to Compounded Daily SONIA, the Issuer has entered into the Swap Transaction with the Swap Provider under the Swap Agreement in order to mitigate the risk (see "*Principal Transaction Documents – The Swap Agreement*").

Pursuant to the terms of the Swap Transaction, on each Payment Date commencing on the first Payment Date and ending on the Final Legal Maturity Date, the Issuer will make fixed rate payments to the Swap Counterparty and the Swap Counterparty will, on the corresponding Payment Date, make floating rate payments (calculated by reference to Compounded Daily SONIA) to the Issuer. Notwithstanding the foregoing, in the event Compounded Daily SONIA as calculated under the Swap Agreement is negative for any related calculation period such that the amount due and payable by the Swap Provider to the Issuer on such Interest Payment Date would be a negative sum, the Issuer shall instead pay to the Swap Provider the absolute value of such amount (see "*Principal Transaction Documents – The Swap Agreement*").

Changes to SONIA may therefore adversely affect payments under the Swap Transaction, which could result in the Issuer having insufficient amounts available to it to make payments on the Notes, and investors should note the risk factor "*The market continues to develop in relation to SONIA as a reference rate for floating rate notes*" below in respect of such risk.

It should also be noted that the notional amount of the Swap Agreement will be the equal to the aggregate of the Principal Amount Outstanding of the Floating Rate Notes as at close of business on the day on which the relevant Swap Calculation Period commenced (or in the case of the first Swap Calculation Period, the Principal Amount Outstanding of the Floating Rate Notes on the Closing Date) and is not set by reference to the balance of the Purchased Receivables from time to time. The fixed rate payable by the Issuer under the Swap Transaction will be an agreed fixed rate and not by reference to actual receipts by the Issuer from

the Purchased Mortgages. Any of these features may result in under-hedging or over-hedging and/or other mismatches of cashflows received by the Issuer in respect of the Purchased Receivables and the amounts payable by the Issuer under the Notes.

Insolvency of Customers

As the Customers are persons resident in England and Wales, English insolvency laws would apply to a Customer's bankruptcy.

If the Customer is an individual and the account is in arrears, unless Black Horse has agreed with the official receiver or the trustee in bankruptcy that the official receiver or trustee in bankruptcy will adopt the Receivable Agreement (in which case the Receivable Agreement will be settled in full), the Customer's obligation to pay any shortfall remaining following repossession of the Vehicle or voluntary termination of the Receivable Agreement and the return and sale of the Vehicle may not be enforceable against the official receiver or trustee.

Consequently, in such circumstances the Issuer may receive payment of only part of the balance outstanding under a Receivable Agreement.

Furthermore, in the event of an individual voluntary arrangement, a debt arrangement scheme or a creditor's voluntary arrangement, the Issuer may receive payment of only part of the balance outstanding under a Receivable Agreement or payment of the balance may be extended beyond the original term of the contract. In such circumstances the Issuer may receive payment of only part of the balance outstanding under a Receivable Agreement or the full balance over an extended period of time.

The securitisation transaction has been structured to take into account potential defaults by the Customers but may not provide protection against all risks of loss and does not guarantee payment of interest and repayment of the entire principal amount of your Notes.

For more details about the insolvency of the customers, see *"The Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty – Servicing and Collections"*.

Balloon payments may result in higher losses

Receivable Agreements are structured as balloon receivables with a substantial portion of the original principal amount under the Receivables optionally repayable in a single instalment at maturity. By deferring the repayment of a substantial portion of the principal amount of the Receivables until their final maturity date, the impact of non-payment of the balloon payment under the balloon receivable will be greater than under an amortising receivable, assuming both receivables have the same term. This could result in delays in payments or losses on your Notes.

Right to Financed Vehicles

The Issuer will acquire from Black Horse interests in the Receivables, including rights to receive certain payments from Customers under the Receivable Agreements, the Vehicle Proceeds and other Ancillary Rights under the Receivable Agreements. Black Horse will agree not to impair the rights of the Issuer in the Receivables except by the proper performance of its obligations under the Servicing Agreement. Title to the Related Vehicles will remain with Black Horse until it is transferred to the relevant Customer under the terms of the relevant Receivable Agreement or is sold by Black Horse following either (a) repossession of the Vehicle from the relevant Customer or (b) a return of a Vehicle under a VT Receivable or PCP balloon option by the relevant Customer.

It may be difficult to repossess a Financed Vehicle. In addition, Vehicle Proceeds may be less than the amount owed under the related Receivable Agreement and a Financed Vehicle may be subject to an existing lien (for example, mechanics' liens). Action to recover outstanding amounts may not be pursued if to do so would be uneconomic. This may adversely impact your Notes by reducing the amounts available to pay principal of and interest on your Notes.

As the Issuer does not have any rights in, over or to the Vehicles but only to the Vehicle Proceeds thereof, if the Seller becomes insolvent, the Issuer is reliant on an administrator or liquidator of the Seller taking appropriate steps to sell a Vehicle that has been returned or repossessed. As the Vehicle Proceeds have been assigned to the Issuer pursuant to the Receivables Sale Deed, the Vehicles will have no economic value to

the insolvent estate of the Seller and therefore to the Seller's creditors as a whole. It is unlikely that an administrator or liquidator of the Seller will have an incentive to take steps to deal with the Vehicles contrary to the contractual terms of the Transaction Documents.

To incentivise the liquidator or administrator to realise the value of the Vehicles or alternatively to cooperate in a realisation, following the appointment of a liquidator or administrator for the Seller, the Issuer is required to pay the Incentive Fee to the liquidator or administrator. The Incentive Fee may be set off from the Vehicle Proceeds. However, there can be no certainty that an administrator or liquidator would take such actions to sell Vehicles returned or recovered. A failure or delay on the part of an administrator or liquidator to sell or consent to the sale of a Vehicle could also have an adverse effect on the ability of the Issuer to make payments on the Notes.

For more details about the Vehicles that are repossessed or returned by Customers, see "*Performance of the Receivables is uncertain*".

Reliance on residual value

Under the Receivable Agreements, a Customer is given several options at the conclusion of the Receivable Agreement. A Customer can satisfy its obligations under a Receivable Agreement by retaining the Financed Vehicle and paying the final balloon payment or by returning the Financed Vehicle to Black Horse instead of paying the balloon payment. If the Customer decides not to make the balloon payment and instead returns the Financed Vehicle to Black Horse, the Issuer will be exposed to the risk that the residual value of the Financed Vehicle may be less than anticipated at the outset of the Receivable Agreement and thus less than the amount outstanding under the relevant Receivable Agreement. This may adversely impact your Notes by reducing the amounts available to pay principal of and interest on your Notes.

For more details, see "*The Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty – Origination, Underwriting and Purchasing – PCP Agreements*".

If Black Horse were to become insolvent or suffer sustained financial difficulties, the residual value of the Vehicles could be adversely affected. This could also have an adverse effect on dealers and could cause disruption or delay in the Vehicle return process for the Receivable Agreements.

For more details about the performance of the Receivables, see "*Receivables*" and "*Seller and Servicer*".

Excessive prepayments and defaults on the higher weighted average annual percentage rate of the total charge per creditor ("APR") Receivables may adversely impact your Notes

Some of the Receivables will have APRs that are less than the interest rate on the Notes, plus fees and expenses of the Issuer. Payments on Receivables with higher APRs compensate for the payments made on Receivables with lower APRs. Excessive prepayments and defaults on the higher APR Receivables may adversely impact your Notes by reducing the amounts available to pay principal of and interest on your Notes.

Value of Financed Vehicles

The Issuer will acquire the Receivables from Black Horse. The market value of the Financed Vehicles relating to such Receivables may be affected under certain circumstances if the relevant Vehicle manufacturer were to suffer financial difficulties. Several Vehicle manufacturers are subject to governmental information requests, inquiries and investigations as well as litigation relating to environmental, securities, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions. Several federal and state authorities, including in Europe, the United States and Asia, have inquired about and are investigating test results, of the emission control systems used in diesel Vehicles and as well as related legal issues and implications, including, but not limited to, under applicable environmental, securities, criminal and antitrust laws.

In addition international, national and local standards regarding emissions by Vehicles, including CO2 emissions, fuel consumptions, engine performance and noise emissions are currently subject to discussions including the strengthening of the tax regime for diesel Vehicles and tighter regulatory standards for diesel Vehicles' exhaust emission benchmarks. It is not clear at this stage whether such standards will apply only to New Vehicles or will be extended to Used Vehicles. As a result, there is a risk of decline of the market value of diesel Vehicles.

A recent feature of the Vehicle market has also been the production of hybrid and/or wholly electric Vehicles. Such developments in the auto industry may have an adverse impact on the resale market value of diesel Vehicles.

Geographic concentration may result in more risk to you

As at 7 December 2021, the Customers in the Provisional Portfolio were spread across various regions in the United Kingdom as shown in "*The Provisional Portfolio – Composition of the Receivables – Area Analysis*", with certain regions having larger concentrations than others. An economic downturn in a region may be caused by a number of factors which could include natural disasters, widespread health crises (such as may result from epidemic infectious diseases like the current outbreak of coronavirus disease 2019 ("COVID-19")) or the fear of any such crisis. Economic conditions or other factors affecting these areas of the United Kingdom in particular could adversely impact the delinquency, credit loss or repossession experience of the Issuer and could result in delays in payments or losses on your Notes.

For more details about delinquency, and credit loss experience for Black Horse's portfolio of receivable retail contracts, see "*The Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty – Current Delinquency Experience*".

No transfer of title to Financed Vehicles

The Issuer will not obtain title to the Financed Vehicles themselves nor will it have a direct right to repossess a financed Vehicle if a Customer defaults. The Issuer has acquired the rights to the proceeds deriving from the sale of the Vehicles relating to Receivable Agreements transferred to it by Black Horse. The Issuer is therefore dependent on Black Horse recovering such proceeds from the sale of the Vehicles and remitting to the Issuer any proceeds of such realisation.

Black Horse will agree not to impair in a material respect the rights of the Issuer or the Security Trustee in the Receivables except by the proper performance of its obligations under the Servicing Agreement. Black Horse will grant powers of attorney to the Issuer under which the relevant attorney should have a right to make demands and sue for amounts due under the Receivable Agreements or to repossess or sell the related Financed Vehicle.

For more details, see "*Risk Factors – Risks Relating to the Structure – Equitable Assignment*".

Interests of other persons in the Receivables or the related Financed Vehicles could reduce funds available to pay your Notes

If another person acquires an interest in a Receivable or a related Financed Vehicle that is superior to the Issuer's interest, the collections on that Receivable or the proceeds from the sale of that Financed Vehicle may not be available to the Issuer. This may adversely impact your Notes by reducing the amounts available to pay principal of and interest on your Notes.

For more details, see "*Risk Factors – Risks Relating to the Structure – Equitable Assignment*".

No independent investigation and breach of warranties

No investigations, searches or other steps to establish the creditworthiness or suitability of a Customer or to verify the details of a Customer, Receivable Agreement, Financed Vehicle, protected payments plan, historical performance data or the Black Horse servicing and collection procedures have been or will be performed by the Issuer, the Security Trustee, the Trustee, the Principal Paying Agent, the Arranger or the Lead Manager, each of whom will rely solely on warranties given by Black Horse about the Receivables and the Customers. The benefit of all such representations and warranties is assigned by the Issuer to the Security Trustee under the Deed of Charge.

If Black Horse makes a misrepresentation in respect of the receivables or is in breach of a warranty relating to the Receivables, the only remedy of the Issuer will be either to require Black Horse to remedy the matter giving rise to such misrepresentation or breach, indemnify the Issuer or to repurchase the affected Receivables. In such circumstances, the Issuer (and therefore the Noteholders) will be dependent on Black Horse's ability to fulfil its obligations to repurchase the relevant receivables or indemnify the Issuer. If Black Horse fails to repurchase or indemnify, you may experience losses or delays in payments on your Notes. Where a representation or warranty by Black Horse about a Receivable is qualified by reference to

Black Horse's knowledge as at the Closing Date and the risk regarding such representation or warranty later materialises, Black Horse will not be required to remedy the matter or to repurchase the affected Receivable or indemnify the Issuer. Instead, the Issuer (and therefore the Noteholders) will bear the corresponding risk.

Notice of assignment

The assignment and transfer of the Receivables will only be disclosed to Customers on the termination of Black Horse as Servicer or the insolvency of Black Horse. The Customer may:

- (a) until it has been notified of the assignment and transfer of the Receivables, effect payment with discharging effect to Black Horse or enter into other transactions regarding the Receivables with Black Horse with binding effect on the Issuer and the Security Trustee. It may also have a right to set off against Black Horse prior claims it may have against Black Horse;
- (b) following such notification, raise defences against the Issuer and the Security Trustee resulting from its relationship with Black Horse which are existing at the time of the assignment and transfer of the Receivables; and
- (c) following such notification, have the right to set off against the Issuer and the Security Trustee any claims against Black Horse, unless the Customer has knowledge of the assignment and transfer after acquiring these claims or the claims become due only after the Customer acquires this knowledge and after the respective instalments of the relevant Receivable become due either as scheduled under the related Receivable Agreement or in full as a consequence of an early termination,

all of which could result in delays in payments or losses on your Notes.

For more details, see "*Principal Transaction Documents – Receivables Sale Deed – Notification of Assignment of Receivables*".

RISKS RELATING TO THE UNDERLYING ASSETS AND THE LIVES OF THE NOTES

The rate of prepayments on the Receivables will affect the timing of repayment of the principal of your Notes

Faster or slower than expected rates of prepayments on the Receivables will cause the Issuer to pay principal on the Notes earlier or later than expected and will shorten or lengthen the expected maturity of the Notes. Prepayments on the Receivables will occur if, among other reasons:

- (a) Customers prepay their Receivables in whole or in part;
- (b) early settlement of the Receivable Agreement occurs before its scheduled maturity date under the CCA;
- (c) there is a voluntary termination of the Receivable Agreement under the CCA or a return by the Customer of the Vehicle under a PCP balloon option and the sale of the Vehicle;
- (d) the Servicer receives Vehicle Proceeds on Defaulted Receivables, VT Receivables or PCP Handback Receivables; or
- (e) the Servicer receives proceeds from physical damage, credit, life or other insurance policies covering the Financed Vehicles or the Customers.

A variety of economic, social and other factors will influence the rate of prepayments on the Receivables, including individual Customer circumstances, marketing incentives offered by vehicle manufacturers and the fact that the Financed Vehicle may not be sold without the consent of the Seller. No prediction can be made about the actual prepayment rates that will occur for the Receivables.

If principal on the Notes is paid earlier than expected due to faster rates of prepayments on the Receivables, and interest rates at that time are lower than interest rates at the time principal would have been paid had those prepayments occurred as expected, you may not be able to reinvest the principal at a rate of return

that is equal to or greater than the rate of return on your Notes. Alternatively, if principal of your Notes is paid later than expected due to slower rates of prepayments on the Receivables, and interest rates at that time are higher than interest rates at the time principal would have been paid had those prepayments occurred as expected, you may lose reinvestment opportunities. You will bear all reinvestment risk resulting from principal payments on your Notes occurring earlier or later than expected.

In addition, your Notes will be paid in full before maturity if the Issuer exercises its Clean-Up Call when the aggregate Principal Amount Outstanding of the Rated Notes has been reduced to 10% or less of the initial aggregate Principal Amount Outstanding of the Rated Notes as at the Closing Date or its option to redeem for taxation reasons.

For more details about the timing of repayment and other sources of prepayments, see "*Maturity and Prepayment Considerations*".

MACRO-ECONOMIC RISKS

The COVID-19 pandemic may exacerbate certain risks in relation to the Notes

The recent and continuing COVID-19 pandemic has had a significant impact in the United Kingdom in respect of social behaviour, macroeconomic outlook and the response of the United Kingdom government. The COVID-19 pandemic has resulted in authorities worldwide implementing numerous measures to try to contain COVID-19, which led to severe disruptions in the global supply chain, capital markets and economies. The temporary closures of many businesses have resulted in a loss of revenues and unprecedented increases in unemployment in certain countries and accordingly a poorer consumer outlook. Its impact on economic conditions continues to be uncertain and there are no comparable events in recent history that may provide guidance as to the effect of the spread of the COVID-19 and the economic impacts of such a global pandemic. The United Kingdom government introduced various economic measures in response to the pandemic, including a temporary job retention scheme, financial support for businesses and a reduction in the rate of VAT applicable to certain businesses. Additional government interventions may be implemented as the COVID-19 pandemic and its consequences continue to develop. As a consequence, COVID-19 could exacerbate numerous risks in respect of the Notes and in this respect see "*Geographic concentration may result in more risk to you*" and "*Global economic and political conditions may adversely affect the performance of the Receivables, which could result in losses on your Notes*" in particular, however the overall consequences of COVID-19 are not known at this stage. The ultimate impact of the consequences of the COVID-19 pandemic is uncertain and may pervade over time and may adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

Political uncertainty

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular with respect to current economic, monetary and political conditions in the Eurozone. If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any member state(s) from the EU and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK auto loan market, the Issuer, one or more of the Secured Parties (including the Seller, the Servicer, the Account Bank, the Back-Up Facilitator and/or the Cash Manager) and/or any Customer. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes, the UK auto loan market, the existence of a secondary market for the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Global economic and political conditions may adversely affect the performance of the Receivables, which could result in losses on your Notes

Global economic and political conditions are volatile and growth may not be sustainable for a specific period of time. A severe economic downturn (for example, such as may result from the COVID-19 outbreak) could adversely affect the performance of the Receivables. During a downturn, unemployment and a lack of availability of credit may lead to increased delinquency and default rates by obligors and

decreased consumer demand for cars, trucks and utility vehicles. In addition, during certain periods there may be reduced used vehicle prices, which may increase the amount of losses on Defaulted Receivables, VT Receivables and PCP Handback Receivables. If a financial crisis or a severe economic downturn occurs, delinquencies and losses on the Receivables could increase, which could result in losses on your Notes.

Concerns about credit risks, including credit risks of sovereigns and entities which are exposed to sovereigns, have recently intensified. In particular, concerns have been raised about current economic, monetary and political conditions in the European currency area (the "Eurozone") and of the larger European Union.

Financial market disruptions and a lack of liquidity in the secondary market could adversely affect the market value of your Notes and/or limit your ability to resell your Notes

Over the past several years major disruptions in the global financial markets caused a significant reduction in liquidity in the secondary market for asset-backed securities. Volatility remains due to several factors, including the uncertainty surrounding the level and sustainability of the sovereign debt of several European countries. It is not certain whether future events will occur that could have an adverse effect on the liquidity of the secondary market. If there is a lack of liquidity in the secondary market it could adversely affect the market value of your Notes and/or limit your ability to resell your Notes.

COUNTERPARTY RISKS

Delays in collecting payments could occur if Black Horse ceases to be the Servicer

If Black Horse resigns or is terminated as Servicer, the processing of payments on the Receivables, information about Collections and the recovery and resale of Vehicles could be delayed. This could cause the manner in which Available Principal Collections and Available Interest Collections are determined and for payments on the Notes to be changed as described in "*Principal Transaction Documents – Cash Management Agreement*", and could also cause payments on your Notes to be delayed. Black Horse may be removed as Servicer if it defaults on its servicing obligations or becomes subject to insolvency proceedings as described under "*Principal Transaction Documents – Servicing Agreement – Resignation and Termination of the Servicer*". There is no guarantee that a substitute servicer could be found that would be willing and able to service the Receivables. Further, a substitute servicer, even if willing and able to act under the terms of the Servicing Agreement, may be less effective in this role than Black Horse, given Black Horse's experience in servicing the Receivables, particularly in realising the residual value of Vehicles. Finally, a substitute servicer is almost certain to charge a fee on a basis different from that of Black Horse and payment of this fee will rank ahead of the payments of interest on the Notes.

Insolvency of the originator or the Seller

If the Seller becomes insolvent and an administrator or liquidator is appointed to realise its assets to pay its creditors, such administrator or liquidator or similar person may argue that the sale of Receivables to the Issuer was not a true sale (for example that it should be re-characterised as a charge of assets to secure borrowing from the Issuer). In that case, the Issuer could experience delays in receiving Collections on the Receivables and that could indirectly cause delays in payments due to the Noteholders. If a court were to agree with such administrator or liquidator, the Issuer may receive less than the full amount of collections on Receivables and that could cause Noteholders to receive less than the full amounts due to them.

Further, if the Seller becomes insolvent, it may be unable to repurchase Non-Compliant Receivables or pay CCA Compensation Amounts, Receivable Indemnity Amounts or Set-Off Indemnity Amounts, and Noteholders could incur a loss on their Notes.

Early termination of the Swap Agreement could result in an early redemption of the Notes and/or an inability of the Issuer to acquire sufficient amounts in the relevant currency to pay the amounts due on the Notes

The Swap Agreement may be terminated upon the occurrence of certain events described in the section entitled "*Swap Agreements*". There can be no assurance that the Swap Agreement will not be terminated prior to the repayment in full of the Notes.

Each of the Issuer and the Swap Counterparty will represent in the Swap Agreement that, under current applicable law, they are entitled to make all payments required to be made by them under the Swap Agreement (other than interest under the Swap Agreement and deliveries, transfers and payments to be made pursuant to any Credit Support Annex) free and clear and without deduction or withholding for or on account of any taxes, assessments or other charges. In the event that the Swap Counterparty is required to make any such deduction or withholding, however, the terms of the Swap Agreement contain an obligation to gross up payments in such circumstances. If the Swap Counterparty fails to effect the gross up as required, payments to the Issuer will be correspondingly reduced. In such circumstances, the Issuer may terminate the Swap Agreement but, until the Swap Agreement is terminated, amounts available to make payments to the Noteholders will be reduced by an amount withheld for any withholding taxes, and the amount that Noteholders receive on the notes may accordingly be reduced.

If the Swap Agreement is terminated before its scheduled termination date, the Issuer or the Swap Counterparty may be liable to make an early termination payment to the other party. The amount of such termination payment will be based on the market value of the terminated Swap Agreement. This market value will be computed on the basis of market quotations of the cost of entering into a replacement swap transaction with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties. Any such termination payment could, for example, if interest rates have changed significantly, be substantial. The termination of the Swap Agreement may reduce, accelerate or delay payments of interest and principal on the Notes.

RISKS RELATING TO THE STRUCTURE

Meetings of Noteholders, modification and waivers

The Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Notes and the Trust Deed also provide that the Trustee may agree, without the consent of the Noteholders, to certain modifications of the Notes and the Transaction Documents, or the waiver or authorisation of certain breaches or proposed breaches of, the Notes or any of the Transaction Documents.

Pursuant to and in accordance with the detailed provisions of Condition 12(b) (*Meetings of Noteholders, amendments, waiver and substitution*), the Trustee shall be obliged, and shall direct the Security Trustee, without any consent of the Noteholders, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document that the Issuer considers necessary or advisable for the purpose of:

- (a) complying with, or implementing or reflecting, any change in criteria of the Rating Agencies;
- (b) complying with any changes in the UK Securitisation Regulation or EU Securitisation Regulation or any other risk retention legislation, regulations or official guidance;
- (c) enabling the Notes to be or remain listed on the London Stock Exchange;
- (d) enabling the Issuer or any other transaction party to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto);
- (e) enabling the Rated Notes to be or remain eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem; and
- (f) complying with any changes in the requirements of the UK CRA Regulation or the EU CRA Regulation.

Each of the Trustee and the Security Trustee will act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 12(b) and will not be liable to the Noteholders, any other Secured Party or any

other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

Conflict between Noteholders and other Secured Parties

The Trust Deed and the Deed of Charge contain provisions requiring the Trustee and the Security Trustee to have regard to the interests of all the Secured Parties as regards the exercise and performance of all their power, rights, trusts, authorities, duties and discretions in respect of the Charged Property and the Transaction Documents.

Notwithstanding the above, so long as any of the Notes are outstanding, in the event of any conflict between the interests of the Noteholders and the other Secured Parties, the Trustee is required to have regard to the interests of the Noteholders only.

The Issuer, Black Horse and/or any of the affiliates of Black Horse may from time to time hold Notes. However, pursuant to the Conditions and the Trust Deed, those Notes (if any) which are for the time being held by any person for the benefit of the Issuer, Black Horse, Lloyds Bank plc or any of their affiliates or any of the affiliates of Black Horse or Lloyds Bank plc will not be taken into account by the Trustee for the purposes of (i) the determination of how many Notes of a Class are for the time being outstanding for the purposes of Noteholders of such Class giving directions to the Trustee, including any direction to enforce the security in accordance with the Note Trust Deed and the Conditions, or the provisions for meetings of the Noteholders of such Class set out in the Trust Deed; (ii) exercising any discretion, power or authority which the Trustee is required or permitted, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders of such Class or any of them; and (iii) the determination by the Trustee whether, in its opinion, any event, circumstance, matter or thing is or would be materially prejudicial to the interests of the Noteholders or any of them, for the purposes of any Lloyds Matter.

On the Closing Date, Black Horse will subscribe for all of the Class A Notes and the Class S Notes. For so long as Black Horse holds all of the Class A Notes or the Class S Notes, those Notes will be taken into account by the Trustee for the purposes of the matters referred to above, other than for the purposes of any Lloyds Matter. Accordingly, Black Horse may be able to pass, or hold a sufficient minority to block, certain Noteholder resolutions.

Conflicts

Black Horse is acting in a number of capacities in connection with this securitisation transaction. Black Horse will have only those obligations and responsibilities expressly agreed to by it in the Transaction Documents evidencing the transaction to which it is a party and will not, by virtue of its or its affiliates acting in any other capacity, be deemed to have other obligations or responsibilities or be deemed to be held to a standard of care other than as expressly set out in such Transaction Documents. Black Horse, in its various capacities in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without a duty to account therefore in connection with the transaction.

Black Horse may hold and/or service claims against the Customers other than in respect of the Purchased Receivables or may enter into other contractual relationships with the Customers. The interests or obligations of Black Horse for these claims or contractual relationships may conflict with the interests of the Noteholders.

Lloyds Bank plc is acting in a number of capacities in connection with this securitisation transaction. Lloyds Bank plc will have only those obligations and responsibilities expressly agreed to by it in the Transaction Documents evidencing the transaction to which it is a party and will not, by virtue of its or its affiliates acting in any other capacity, be deemed to have other obligations or responsibilities or be deemed to be held to a standard of care other than as expressly set out in such Transaction Documents. Lloyds Bank plc, in its various capacities in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without a duty to account therefore in connection with the transaction.

The transaction parties may engage in commercial relationships, in particular, as lenders providing investment banking and other financial services to the Customers and other transaction parties. In these relationships the transaction parties are not obliged to take into account the interests of the Noteholders. Accordingly, conflicts of interest may occur and it is not certain whether the Noteholders will be adversely affected by these conflicts of interest.

The exercise of rights by the Controlling Class following an Event of Default may be harmful to the other classes

The Controlling Class may accelerate the Notes after an Event of Default or waive Events of Default (other than failure to pay interest or principal of the Notes). The Controlling Class may, in certain circumstances, direct the Security Trustee to sell the Receivables after an acceleration of the Notes even if the proceeds would not be sufficient to pay all of the Notes in full. If your Notes cannot be repaid in full with the proceeds of a sale of the Receivables, you will suffer a loss.

In addition, the Controlling Class may terminate the Servicer following a Servicer Termination Event and may waive Servicer Termination Events (although if Black Horse, Lloyds Bank plc or any of their affiliates, holds some or all of the Notes of a Class, those Notes will be deemed not to remain outstanding for the purposes of voting on any Lloyds Matter, which includes, for so long as the Servicer is a member of Lloyds Bank Group, any Ordinary Resolution, Extraordinary Resolution or Written Resolution to direct the Security Trustee to terminate, or to sanction the termination by the Issuer of, the appointment of the Servicer following the occurrence of a Servicer Termination Event, or to waive, or sanction the waiver by the Issuer of, the occurrence of a Servicer Termination Event).

Holders of Notes that are not part of the Controlling Class will have no right to take these actions. Only the Controlling Class will have these rights. The Controlling Class may have different interests from the holders of the other class of Notes and will not be required to consider the effect of its actions on the holders of the other Class.

For more details about the actions that the Controlling Class may direct, see "*Principal Transaction Documents – Servicing Agreement – Resignation and Termination of the Servicer*" and "*Terms and Conditions of the Notes*".

Enforcement of security

The Security for the Notes becomes enforceable upon delivery of an Enforcement Notice. Upon enforcement of the Security, the Secured Parties (acting through the Security Trustee) will have recourse to the Issuer's assets which are subject to the Security (including the Issuer's interest in the Receivables and its other assets, including the Liquidity Reserve Fund), to pay amounts owing by the Issuer under the Notes (and only after payment of prior ranking claims). The Security Trustee will have no recourse against Black Horse other than for misrepresentation, breach of warranty or breach of its obligations under the Receivables Sale Deed and for breach by Black Horse of its obligations under the Servicing Agreement.

The proceeds of enforcement of the Security may be insufficient, after payment of all other claims ranking in priority to and *pari passu* with amounts due under the Notes, to pay in full all principal and interest due on the Notes.

Equitable Assignment

The assignment by Black Horse in its capacity as Seller to the Issuer of the benefit of the Receivables which are governed by the laws of England will take effect in equity because no notice of the assignment will be given to Customers on the Closing Date. The Issuer has granted the Security Trustee a charge over, among other things, its beneficial interest in the Receivables.

The lack of notice to a Customer of the assignments by Black Horse has the following legal consequences:

- (a) notice to the Customer would mean that the Issuer would take priority over any interest of a later encumbrancer or assignee of the rights of Black Horse who has no notice of the assignment to the Issuer;
- (b) notice to a Customer would mean that the Customer should no longer make payment to Black Horse as creditor under the relevant Receivable Agreement but should make payment instead to the Issuer. If the Customer were to ignore a notice of assignment and pay Black Horse for its own account, the Customer would still be liable to the Issuer for the amount of such payment. However, for so long as Black Horse remains Servicer under the Servicing Agreement it is also the agent of the Issuer for the purposes of the collection of the Receivables and will, accordingly, be accountable to the Issuer for any amount paid to it regarding the Receivables;

- (c) until notice is given to the Customer, equitable set-offs (such as for misrepresentation and breach of contract as referred to in "*Liability for misrepresentations and breach of contract*" below) and other rights of set-off (for example, the statutory set-off rules applicable on insolvency of the Seller) may accrue in favour of the Customer regarding his obligation to make payments under the relevant Receivable Agreement. These may, therefore, result in the Issuer receiving less moneys than anticipated from the Receivables. The assignment of the Receivables to the Issuer will be subject both to any prior equities which have arisen in favour of the Customer before the assignment and to any equities which may arise in the Customer's favour after the assignment until such time (if ever) as he receives actual notice of the assignment. Set-off rights arising under claims arising out of a transaction connected with a Receivable Agreement will not be affected by that notice;
- (d) notice to the Customer would prevent Black Horse and the Customer amending a Receivable Agreement without the involvement of the Issuer. However, Black Horse will agree not to impair in a material respect the rights of the Issuer or the Security Trustee in the Receivable Agreements, other than according to its usual operating policies (as described below); and
- (e) lack of notice to the Customer means that the Issuer will have to join Black Horse as a party to any legal action which the Issuer may choose to take against any Customer. Black Horse will, however, grant powers of attorney to the Issuer and the Security Trustee (or appoint the Issuer and the Security Trustee as substitute attorneys) under which the relevant attorney or substitute attorneys will have the right to make demands and sue for amounts due under the Receivable Agreements.

RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

The absence of or a lack of liquidity in the secondary market could limit your ability to resell Notes

Although an application has been made to list the Rated Notes on the Official List of the London Stock Exchange, there is currently no secondary market for the Rated Notes or the Class S Notes. The absence of a secondary market for your Notes could limit your ability to resell them. This means that if you want to sell your Notes before they mature, you may be unable to find a buyer or, if you find a buyer, the selling price may be less than it would have been if a secondary market existed. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell your Notes.

The market continues to develop in relation to SONIA as a reference rate for floating rate notes

The Rate of Interest on the Floating Rate Notes will be determined on the basis of Compounded Daily SONIA (as defined in the Conditions). Compounded Daily SONIA differs from the London Inter-Bank Offered Rate for Sterling deposits ("**LIBOR**") in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as interest reference rates for the Notes and under the Swap Agreement. The use of Compounded Daily SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing Compounded Daily SONIA.

Accordingly, prospective investors in the Notes should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are currently assessing the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions. The development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

Furthermore, the Rate of Interest on the Floating Rate Notes is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Payment Date. It may be difficult for investors in the Notes to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade the Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to LIBOR-based notes, if the Notes become due and payable as a result of an Event of Default, or are otherwise redeemed early on a date which is not a Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Notes.

In addition, broadly divergent interest rate calculation methodologies may develop and apply as between the Notes and the Swap Agreement due to applicable fallback provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Investors should carefully consider these matters when making their investment decision with respect to any of the Notes.

Definitive notes

It is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such a case a noteholder who, as a result of trading such amounts, holds a principal amount of less than £100,000 may not receive a definitive note representing such holding (should definitive notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to £100,000.

If definitive notes are issued, Noteholders should be aware that definitive notes which have a denomination that is not an amount which is at least £100,000 may be particularly illiquid and difficult to trade.

Bank of England Eligibility

Certain investors in the Notes may wish to consider the use of the Notes as eligible securities for the purposes of the Bank of England's Funding for Lending Scheme, Term Funding Scheme, Term Funding Scheme with additional incentives for SMEs, Discount Window Facility or Indexed Long-Term Repo Scheme. Recognition of the Notes as eligible securities for the purposes of such schemes will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Notes will not be eligible collateral for such schemes. None of the Issuer, the Arranger nor the Lead Manager gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements of such schemes and be recognised as eligible collateral for such schemes. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute eligible collateral for such schemes.

Eurosystem eligibility

The Rated Notes are intended to be held in a manner which will allow Eurosystem eligibility (although please see "*Description of the Notes – Global Note*"). On the Closing Date, the Rated Notes will be issued under NSS. This means that the Rated Notes are intended upon issue to be deposited with a common safekeeper for both Euroclear and Clearstream, Luxembourg and does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (the "**Eurosystem eligible collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria set out in the Guideline (EU) 2015/510 of the European Central Bank (the "ECB") of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast) as amended from time to time, which was published in the Official Journal of the European Union on 2 April 2015 and

applies from 1 May 2015. The Class S Notes are not intended to be held in a manner which will allow Eurosystem eligibility

Neither the Issuer, the Arranger, the Trustee, the Security Trustee nor the Lead Manager gives any representation, warranty, confirmation or guarantee to any investor in the Rated Notes that the Rated Notes will, either upon issue, or any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any prospective investor in the Rated Notes should consult its professional advisors with respect to whether or not the Rated Notes constitute Eurosystem eligible collateral at any point of time during the life of the Rated Notes.

Ratings of the Notes

The ratings assigned to the Rated Notes by the Rating Agencies take into consideration the structural and legal aspects associated with the Rated Notes and the underlying Receivables, the credit quality of the Receivables, the extent to which the Customers' payments under the Receivables are adequate to make the payments required under the Rated Notes as well as other relevant features of the structure, including the credit situation of the Account Bank, Black Horse and the Servicer (if different). Each Rating Agency's ratings reflect only the view of that Rating Agency. Each rating assigned to the Rated Notes addresses the likelihood of full and timely payment to the holders of the Rated Notes of all payments of interest on the Notes when due and the ultimate repayment of principal on the Final Legal Maturity Date. A change in rating methodology or future events, including events affecting the Account Bank, Black Horse and the Servicer (if different from Black Horse) could also have an adverse effect on the rating of the Rated Notes.

The Rating Agencies may also change their criteria and/or their methodology at any time and the application of their revised criteria and/or methodology may lead to it lowering, withdrawing or qualifying its rating of the Rated Notes. If any rating assigned to the Rated Notes is downgraded or withdrawn, the market value of the/or liquidity of the Rated Notes may be reduced.

The Class S Notes will not be rated by the Rating Agencies.

The ratings of the Notes are not recommendations to purchase, hold or dispose of the Notes and do not address market value or investor suitability. The ratings reflect the Rating Agencies' assessment of the creditworthiness of the Receivables, the credit enhancement on the Notes and the likelihood of repayment of the Notes. It is not certain whether the Receivables and/or the Notes will perform as expected or whether the ratings will be reduced, withdrawn or qualified in the future as a result of a change of circumstances, deterioration in the performance of the Receivables, errors in analysis or otherwise. None of the Issuer, Black Horse or its affiliates will have an obligation to replace or supplement any credit enhancement or to take other action to maintain the ratings of the Notes.

The Issuer has not engaged a rating of the Notes by any organisation other than the Rating Agencies listed in this Prospectus. However, rating organisations other than the Rating Agencies may seek to rate the Notes and if such shadow ratings or unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such shadow or unsolicited ratings could have an adverse effect on the secondary market value of the Notes.

If the ratings on your Notes are reduced, suspended, withdrawn or qualified, it could adversely affect the market value of your Notes and/or limit your ability to resell your Notes.

You should make your own evaluation of the creditworthiness of the Receivables and the credit enhancement, and not rely solely on the ratings of the Notes.

As of the date of this Prospectus, each of S&P Global Ratings UK Limited and DBRS Ratings Limited is established in the UK and registered under the UK CRA Regulation. Each of S&P Global Ratings UK Limited and DBRS Ratings Limited appears on the latest update of the list of registered credit rating agencies (as of 9 February 2022) on the FCA's Financial Services Register.

The ratings S&P Global Ratings UK Limited has given to the Rated Notes are endorsed by S&P Global Ratings Europe Limited. The ratings DBRS Ratings Limited has given to the Rated Notes are endorsed by DBRS Ratings GmbH. Each of S&P Global Ratings Europe Limited and DBRS Ratings GmbH is established in the EEA and registered under the EU CRA Regulation. Each of S&P Global Ratings Europe Limited and DBRS Ratings GmbH has been certified under the EU CRA Regulation.

In the event that the FCA withdraws or suspends the registration of any Rating Agency under the UK CRA Regulation or ESMA withdraws or suspends the registration of any Rating Agency under the EU CRA Regulation, the rating assigned to the Notes by such Rating Agency would have to be withdrawn or suspended. If any rating assigned to the Notes is withdrawn or suspended, the market value and/or liquidity of the Rated Notes may be reduced.

LEGAL AND REGULATORY RISKS RELATING TO THE UNDERLYING ASSETS

Receivable Agreements regulated by the Consumer Credit Act 1974 (as amended)

The UK regulatory framework for consumer credit consists of the Financial Services and Markets Act 2000 ("FSMA") and its secondary legislation, including the Financial Services and Markets Act (Regulated Activities) Order 2001 (the "RAO"), retained provisions in the Consumer Credit Act 1974, as amended by the Consumer Credit Act 2006, and its retained associated secondary legislation (the "CCA"), and rules and guidance in the FCA Handbook, including the Consumer Credit sourcebook. The RAO sets out the definition of a regulated consumer credit agreement.

The application of the CCA to Receivable Agreements which are regulated by the CCA will have several consequences including the following:

(a) *Voluntary Terminations*

At any time before the last payment falls due, the Customer may terminate the Receivable Agreement (without stating a reason). Generally, Customers may take advantage of the right of voluntary termination when they are in financial difficulty, or when the residual value of the Vehicle on part-exchange is less than the amount that would be payable on early settlement. Customers can exercise their voluntary termination rights at any time. If they have repaid 50% of the total amount payable (including the deposit paid to the dealer, the amount borrowed, interests and fees) through their regular instalments, they will not be liable to pay any further instalments that have not yet fallen due. If they have not repaid 50% they would become liable to do so when they exercise the right. If the customer has an outstanding balance on the loan element of the agreement (for insurances and extras), the customer will be liable to pay this less any applicable rebate. If the Customer has caused any damage or failed to take reasonable care of the Vehicle or has exceeded the agreed mileage allowance, they may also be liable to pay sums on top of the 50%. They would also be liable to pay any arrears of instalments.

There is a risk that the exercise by a significant number of Customers of their right to terminate a Receivable Agreement may result in the Notes being redeemed earlier than anticipated and/or that the Issuer will not receive the full amount of the principal outstanding on the relevant Receivable and an amount of principal will accordingly be written-off. This in turn could trigger losses under the Notes.

(b) *Early Settlement of regulated consumer credit contracts*

The Customer has a statutory right to discharge a Receivable Agreement which is a regulated consumer credit agreement and to keep the Vehicle by giving notice and paying the amount payable on early settlement. The amount payable by the Customer on early settlement is restricted by a prescribed legislative formula (see "*Termination of regulated consumer credit contracts*" and "*Rebate on Early Settlement or where Black Horse terminates a Receivable Agreement*" below).

In addition, the Customer under a regulated consumer credit contract entered into after 11 June 2010 has a right to make partial early repayments of the regulated consumer credit contract. One or more partial early repayment(s) may be made at any time during the life of the relevant regulated consumer credit contract, subject to the Customer taking certain steps as outlined in Section 94 of the CCA. The terms on partial early settlement are largely the same as those for full early settlement and the framework operates in much the same way.

There is a risk that if a significant number of Customers exercise their right to make a full or partial early repayment, this may result in the Notes being redeemed earlier than anticipated, which would adversely affect the yield on the Notes.

(c) *Termination of regulated consumer credit contracts*

Black Horse has the right to terminate a Receivable Agreement which is a regulated consumer credit contract for an unremedied material breach of agreement by the Customer and repossess the Vehicle (unless the Vehicle is "protected" under the CCA with the consequences described in "Protected Goods" below) and recover *either*: (i) all arrears of payments due and damages incurred for any breach of the Receivable Agreement by the Customer before such termination; (ii) all Black Horse's expenses in relation to recovering and storing the Vehicle, tracing the Customer and any shortfall relating to the disposal of Vehicle; and (iii) any other sums due but unpaid by the Customer under the Receivable Agreement less a rebate calculated in compliance with the Consumer Credit (Early Settlement) Regulations 2004 (the "**Early Settlement Regulations**") (see "*Rebate on Early Settlement or where Black Horse terminates a Receivable Agreement*" below), or such lesser amount as a court considers will compensate Black Horse for its loss. Court decisions have conflicted on whether the amount payable by the Customer on termination by the lender (for example, for repudiatory breach by the Customer) is restricted to the amount calculated by the one-half formula for termination by the Customer. The agreements provide that the amounts payable by the Customer on termination by Black Horse are any repayments payable under the agreement which are overdue at that time plus, by way of compensation or agreed damages, an amount equal to half of the total amount payable under the agreement less the repayments paid or due up to that time so the agreements reflect those court decisions favourable to Black Horse on this point.

Therefore, there is a risk that the exercise by Black Horse of its right to terminate a Receivable Agreement would not result in Black Horse receiving an amount specified in the Receivable Agreement, but would instead result in Black Horse receiving a lower amount. Consequently, the Issuer may not receive the full amount of the principal amount outstanding on the relevant Receivables and this may adversely impact the Issuer's ability to meet its obligations under the Notes.

(d) *Rebate on Early Settlement or where Black Horse terminates a Receivable Agreement*

A rebate of credit charges (calculated under the Early Settlement Regulations) may be due on early settlement in whole or in part of a Receivable Agreement which is a regulated consumer credit contract. The rebate is available only in certain, specified circumstances (no rebate is required where the Customer exercises his right to terminate the contract as described in (a) above). There is a risk that the yield on the Notes may be adversely affected if Black Horse is required to provide rebates to a significant number of Customers.

(e) *Time Orders*

A Customer can apply to the court for a time order to change the timing of payments under a regulated consumer contract, or to repay the outstanding sum by lower instalments than provided for in the contract, where certain default or enforcement proceedings are taken or notice of early termination is served on the Customer. There is a risk that if a significant number of Customers obtain time orders, the Issuer will not receive the full amount of the principal amount outstanding on the relevant Receivables, which could trigger losses under the Notes.

(f) *Interpretation of technical rules*

There is a risk that, whilst Black Horse has interpreted certain technical rules under the CCA in a way common with many other lenders in the vehicle finance market, such interpretation could be held to be incorrect by a court or other dispute resolution authority, in which case the contract would be unenforceable without a court order. If such interpretation were challenged by a significant number of Customers, then this could lead to significant disruption and shortfall in the income of the Issuer.

(g) *"Unfair relationship"*

The court has power under section 140A of the CCA to determine that the relationship between a lender and a customer arising out of the credit agreement is unfair to the consumer. In applying the unfair relationship test, the courts are able to consider a wider range of circumstances surrounding the transaction. The Supreme Court has given general guidance in respect of unfair relationships

in *Plevin v Paragon Personal Finance Ltd* [2014] 1 WLR 4222. Whilst the court acknowledged that it is not possible to state a precise or universal test for an unfair relationship, which must depend on the court's judgment of all the relevant facts, the court did give the guidance on the nature of the test which should be applied. The court will consider whether the relationship between the debtor and the creditor is unfair.

There is a risk that if a court determines that there is an unfair relationship and orders that financial redress is made in respect of such Receivable Agreement, this may adversely affect the ability of the Issuer to meet its obligations under the Notes when they fall due.

(h) *Financial Ombudsman Service*

The Financial Ombudsman Service (the "FOS") (which is an out-of-court dispute resolution scheme) is required to make decisions on, among others, complaints relating to the terms in agreements. The Financial Ombudsman Service may order a money award to a Customer, which may adversely affect the value at which the Receivable Agreement could be realised and accordingly the ability of the Issuer to meet its obligations under the Notes.

(i) *Private rights of action under the FSMA*

A Customer who is a private person may have a right to claim damages for loss suffered as a result of any contravention by an FCA authorised person of a rule under the FSMA. The Customer may set off the amount of the claim against the amount owing under the Receivable Agreement, which may adversely affect the Issuer's ability to make payments in full when due on the Notes.

(j) *Enforcement action by the FCA*

There is a risk that if the FCA exercises one of its broad range of enforcement powers under the FSMA against Black Horse for breaching a requirement of the FSMA (such as ordering restitution or implementing a consumer redress scheme), this would adversely impact the Issuer and therefore its ability to make payments when they fall due on the Notes.

(k) *Servicing Requirements*

If Black Horse fails to comply with certain post contractual information requirements under the CCA, there is a risk that this could have a significant impact on the Issuer, as for any period when Black Horse fails to comply with the requirements, the Receivable Agreement may not be enforceable against the Customer and it may reduce the amount of interest or default fees accruing to Black Horse, which may adversely impact the Issuer's ability to make payments when they fall due on the Notes.

Liability for misrepresentations and breach of contract and set-off

(a) *Receivable Agreements which are regulated consumer credit contracts*

Under section 75 of the CCA, a Customer may make a claim against Black Horse as well as a supplier for misrepresentations made by the supplier in a transaction between the supplier and the Customer (for example, for insurance products) during negotiations between them before execution of the relevant regulated consumer credit contracts or for a breach of contract. A Customer may set-off the amount of the claim against the amount owing under the regulated consumer credit contract, which may adversely affect the Issuer's ability to make payments in full when due on the Notes.

Black Horse normally has a right to be reimbursed by the supplier for any amount paid to the Customer regarding the Customer's claim and any costs (including legal costs) incurred in defending the claim.

In addition under section 56 of the CCA where a credit broker, such as a dealer, who carries out antecedent negotiations with a Customer will be deemed to be acting in the capacity of agent of Black Horse as well as in his own capacity. Black Horse will therefore be potentially liable for misrepresentations made by a credit broker involved in introducing a Customer to Black Horse (for example, in relation to the dealer's promise on the quality or fitness of the Vehicle, and to apply a

part-exchange allowance to discharge an existing credit agreement). The Customer may have a right to, amongst other things, rescind the contract and return the Vehicle and not be liable to make further payments, and claim repayment of the amounts paid under the contract and damages. The Customer may set-off such amounts against the amount owing by the Customer to Black Horse. There is a risk that if a significant number of Customers exercise such set-off rights, this may adversely affect the Issuer's ability to make payments in full when due on the Notes.

(b) *All Receivable Agreements (including regulated consumer credit contracts)*

Under the Supply of Goods (Implied Terms) Act 1973 or the Consumer Rights Act 2015, there is a risk that if a significant number of Customers make a claim for breach of contract against Black Horse or, terminate the Receivable Agreement for repudiatory breach if the Vehicle is not of satisfactory quality, this may adversely impact the Issuer's ability to make payments in full when due on the Notes.

Black Horse will normally have a right to claim against the dealer or supplier for any amount paid to the Customer regarding the Customer's claim and any costs (including legal costs) incurred in defending the claim. If such case arises and the Customer's claim is successful, Black Horse would also ordinarily seek to sell the Vehicle back to the dealer.

Protected Goods

If, under a Receivable Agreement which is a regulated consumer credit contract, the Customer has paid Black Horse one-third or more of the total amount payable under the contract, the Vehicle becomes "protected" under the CCA and Black Horse does not have the right to repossess it without obtaining a court order. If, however, the Customer terminates such a Receivable Agreement, the Vehicle ceases to be "protected" and Black Horse may effect repossession unless the court grants the Customer a "time order" rescheduling the Customer's outstanding liabilities. There is a risk that, if a significant number of Vehicles used by Customers are protected, then this could cause delays in recovering amounts due from the Customers, which may reduce amounts available to Noteholders.

Breathing Space Regulations

Under the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium (England and Wales) Regulations 2020) (the "**Breathing Space Regulations**"), an individual may apply for a moratorium (either a breathing space moratorium or mental health crisis moratorium) in respect of "qualifying debt". A debtor may only enter into a breathing space moratorium whilst receiving debt advice (from a debt advice provider authorised to provide debt counselling under article 39E of the RAO or a local authority) and potentially entering into a debt solution. Breathing spaces will end (a) 60 days from the date it started; (b) the day after a debt adviser or court cancels it; or (c) if the debtor dies during the breathing space period. In this case, the breathing space ends on the day after the debtor died.

In addition, in circumstances where the debtor is suffering from a mental health crisis, the debtor themselves or mental health professionals may apply to debt advisors for a mental health breathing space. This will end 30 days after the debtor's mental health crisis treatment ends, or 30 days after the date a debt adviser has no response after asking for confirmation from the nominated point of contact about a debtor's ongoing mental health crisis treatment.

A "qualifying debt" includes any debt or liability other than "non-eligible debt" (defined in regulation 5(4)) (including, for example, secured debt which does not amount to arrears in respect of secured debt (regulation 5(4)(a)), whether or not it is entered into, or due to be paid or repaid, before the Breathing Space Regulations come into force (regulation 5(2))). Arrears on hire-purchase agreements (including personal contract purchase agreements) would constitute "qualifying debt".

A moratorium includes protection from creditor action for most personal debts, including financial services debt, household bill arrears and most public sector debts. The Breathing Space Regulations impose obligations on consumer credit lenders, mortgage lenders and other regulated firms, to comply with the restrictions and obligations imposed by the moratorium on collection and enforcement of debts and application of interest and other charges. This may impact Receivables insofar as these include arrears on personal contract purchase agreements, which will be within scope of breathing spaces. No enforcement action may be taken in respect of these arrears amounts for the duration of a breathing space.

FCA on-going work in the motor finance market

The FCA has been carrying out a review of the motor finance sector in the UK and published a report entitled "Our work on motor finance – final findings" (publication reference: 005810) on 4 March 2019. The FCA launched a consultation, which closed in October 2019, on plans to ban commission models that incentivise brokers and dealers to raise customer's interest rates. The FCA found that commission models allowing broker discretion on interest rates have the potential to cause significant customer harm by way of higher interest charges. The FCA refers in particular to increasing difference in charges ("**Increasing DiC**") and reducing difference in charges ("**Reducing DiC**") commission models, which "can provide strong incentives for brokers to arrange finance at higher interest rates". With difference in charges models, brokers are paid a fee which is linked to the interest rate payable by the customer. The contract between the lender and broker sets a minimum (for Increasing DiC) or maximum (for Reducing DiC) interest rate and the fee is a proportion of the difference in interest charges between the actual interest rate and the minimum/maximum interest rate. On 28 July 2020, the FCA published a policy statement (PS 20/8) confirming its previous proposals for a ban on motor finance discretionary commission models where the amount of the commission is linked to the interest rate the customer pays and which the dealer or broker has the power to set. This includes Increasing DiC and Reducing DiC models, as well as scaled commission models. Such a prohibition aims to address consumer harm by removing the financial incentive for brokers or dealers to increase a customer's interest rate. PS 20/8 also contained the final updates to the FCA's rules and guidance on commission disclosure to customers. All rules and guidance under this policy statement came into effect on 28 January 2021. In addition, the FCA published a "Dear CEO" letter on 20 January 2020 entitled "Portfolio Strategy: Motor Finance Providers" setting out its supervisory strategy for the period to August 2021.

The FCA has now resumed work on the Credit Information Market Study. The FCA intends to engage with industry and consumer groups and complete its analysis during Q3 2021, ahead of publishing an interim report in Q1 2022. The report will analyse the purposes, quality, and accessibility of market information as well as the market structure, business models, competition and consumer engagement. The FCA Credit information is particularly important in retail lending as it is used for assessment of credit risk and affordability as well as fraud prevention. The FCA's conclusions, and any subsequent rule changes, may have an effect on the vehicle finance market and possibly the Seller's business.

Separately, the FCA published specific "motor finance agreements and coronavirus" guidance in April 2020, which was subsequently finalised in July 2020. This guidance sets out the FCA's expectation that firms provide, for a temporary period only, exceptional and immediate support to customers facing payment difficulties due to circumstances arising out of COVID-19. This includes requirements to offer full or partial three month payment deferrals upon request, and the requirement that these be offered free of charge. Firms are expected not to pursue guarantors (if applicable) for payment during these periods. This specific guidance should be considered within the broader finalised guidance published by the FCA in September 2020 on "consumer credit and coronavirus", which came into force on 2 October 2020. This guidance increases the responsibility on firms to support customers experiencing payment difficulties through a number of measures, including offering a full range of shorter and longer-term options to support their customers and minimise stress and anxiety experienced by customers in financial difficulty, carrying out regular assessments as to vulnerability for customers, and putting in place sustainable repayment arrangements which are affordable and take into account customers' financial situations. On 19 November 2020, the FCA published further guidance to enhance the support to customers under motor finance agreements who face payment difficulties due to the COVID-19 pandemic, which includes guidance relating to fair treatment at the end of an initial payment deferral period, particularly where customers are unable to resume full payments immediately due to circumstances arising out of the COVID-19 pandemic. The guidance also notes that interest should be waived at the end of payment deferral periods where customers cannot resume payments in full. The FCA have confirmed that they may publish further guidance on this topic if necessary.

The FCA published further guidance on 27 January 2021 to note that all customers who wish to apply for a payment holiday must have done so before 1 April 2021. Payment holidays could only be extended until 31 July 2021, at which time all COVID-19 payment holidays must have come to an end. However, there is little certainty as to the future impact of COVID-19 in the UK, and it is possible that the FCA may introduce further payment holiday requirements or other customer support measures on consumer credit firms in response to the COVID-19 pandemic, which may impact the receivables payable to the Issuer.

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the vehicle finance market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller, whether arising from the FCA review into the motor finance industry or otherwise. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

Risks resulting from consumer protection laws

The Receivables are subject to United Kingdom consumer protection laws which regulate consumer credit. If a Receivable does not comply with these laws, the Customer may make a claim for misrepresentation, and the Servicer may be prevented from or delayed in collecting amounts due on the Receivable.

A Customer may have a statutory right to terminate a Receivable Agreement and return the vehicle to Black Horse and pay to Black Horse all arrears, one half of the total amount payable under the regulated consumer credit contract to maturity and all other sums due but unpaid under the contract. A Customer may also have a statutory right to early settlement of the contract.

For further details on the risks resulting from consumer protection laws and set-off and how they apply to Black Horse and the Receivables see the other risk factors in this section.

Unfair Terms in Consumer Contracts Regulations 1999 and the Consumer Rights Act 2015

In the UK, the Unfair Terms in Consumer Contracts Regulations 1999 (the "**UTCC Regulations**") applies to Receivable Agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCC Regulations, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the "**CRA15**") has revoked the UTCC Regulations in respect of Receivable Agreements made on or after 1 October 2015, and also applies to material variation which are treated as new contracts after this date.

Under the CRA15, it is possible for a consumer (which would include a Customer under all or almost all of the Receivable Agreements) to challenge a term in a consumer contract on the basis that it is unfair and therefore not binding on the consumer or for the regulator to take enforcement action to stop the use of terms which are considered to be unfair (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term).

The CRA15 may affect terms such as Black Horse Limited's power to vary the interest rate and certain terms imposing early repayment charges and exit fees. If terms are found to be unfair, they will not be binding on the Customer.

The broad and general wording of the CRA15 makes any assessment of the fairness of terms largely subjective and therefore it is difficult to predict whether or not a court would find a term to be unfair. It is possible that any agreements made with Customers may contain unfair terms, which may result in the possible unenforceability of those unfair terms. There is a risk that if the terms of the Receivable Agreements are held as unfair, this could result in the possible unenforceability of those unfair terms, which could mean that the Issuer does not receive all the realisable value of the Purchased Receivable in a timely manner, which would affect the Issuer's ability to make payments of interest and/or principal due on the Notes.

Unfair Commercial Practices Directive 2005

The Unfair Commercial Practices Directive (SI 2005/29/EC) has been implemented in the UK by the Consumer Protection from Unfair Trading Regulations 2008 (SI 2008/1277) (the "**Consumer Protection Regulations**").

The Consumer Protection Regulations include three key restrictions: (i) a general prohibition on unfair commercial practices (which is where the practice contravenes the requirements of "professional diligence" and materially distorts or is likely to materially distort the economic behaviour of the average consumer with regard to the product in question); (ii) specific prohibitions regarding misleading actions or omissions, and aggressive practices; and (iii) specified commercial practices that are deemed to be unfair.

Customers have a right to redress for breach of the Consumer Protection Regulations, including a right to unwind Receivable Agreements, claim damages or obtain a discount, and regulatory enforcement bodies (e.g. the FCA) may take civil action for breaches of the Consumer Protection Regulations.

There is a risk that multiple claims are made against Black Horse by Customers for breaches of the Consumer Protection Regulations, which may impact the Issuer's ability to make payments in full when due on the Notes.

Insurance

Each Receivable Agreement requires the Customer to take out and maintain comprehensive vehicle insurance in the Customer's name. Because Black Horse does not track that insurance is maintained on the Financed Vehicle, it is not certain whether such insurance is in place or that it is effectively assigned by way of security to the Issuer or that Black Horse will receive any moneys from such insurance. Black Horse does not have a registered interest with the insurer. Each Receivable Agreement also states that if the Vehicle is stolen or is considered a total loss for insurance purposes, the Customer must transfer all his rights to any monies in respect of a claim on the relevant insurance and agrees that the insurer must pay monies directly to Black Horse. Where the proceeds in the claim are insufficient to repay in full amounts owed to Black Horse by the Customer under the Receivable Agreement, Black Horse will look to the Customer to pay the difference, less any statutory rebate for early settlement.

It should be noted that there can be no certainty that such insurance has in fact been taken out or maintained or that any proceeds from such insurance will be available to Black Horse, the Issuer or the Security Trustee. Consequently, there is a risk that this might impact the Issuer's ability to make payments in full when due on the Notes.

LEGAL AND REGULATORY RISKS RELATING TO THE STRUCTURE AND THE NOTES

Increased regulation and changes of law

In the UK, the US, the European Union and elsewhere, there is continuing political and regulatory scrutiny of the financial sector from the UK Government, the Prudential Regulation Authority or the "PRA", the FCA and other regulators in the UK, the US, the European Union and elsewhere. As noted above, the FCA has been looking at the motor finance market and have implemented a ban on discretionary commission arrangements in the motor finance market which took effect in January 2021 (see the risk factor above entitled "*FCA on-going work in the motor finance market*"). It is not certain whether the circumstances described above could adversely affect the ability of the Issuer to make payments under your Notes, the market value of your Notes and/or your ability to resell your Notes.

No assurance can be given as to the impact of any possible change to law or regulatory, accounting or administrative practice, or their interpretation or administration, or the published practices of the United Kingdom tax authorities or tax authorities of any other relevant taxing jurisdiction after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes, the market value of the Notes and/or the ability to resell the Notes and Black Horse's ability to perform its obligations under the Transaction Documents.

In addition, Black Horse is exposed to various forms of legal and regulatory risk in its current, past and future operations, including the risk of acting in breach of legal or regulatory principles or requirements, any of which could have a material adverse effect on Black Horse and/or the Notes. These risks could include, but are not limited to:

- (a) certain aspects of Black Horse's business (including the sale of products or the handling of complaints relating to such products) may be determined by the FCA, the FOS or the courts not to have been conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the FOS's opinion;
- (b) the high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press and politicians; the FCA in particular continues to drive focus on conduct of business activities through its supervision activity;

- (c) Black Horse may be liable for damages to third parties (including customers) harmed by the conduct of its business; and
- (d) the risk of regulatory proceedings, and/or private litigation, arising out of regulatory investigations or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

Further details of specific risks are set out under "*Receivable Agreements regulated by the Consumer Credit Act 1974 (as amended)*".

There is a risk that the issues identified above may materially adversely impact Black Horse undertaking its role in relation to the Receivables.

The Securitisation Regulations

The EU Securitisation Regulation applies to securitisations, the securities of which are issued on or after 1 January 2019. By virtue of the EUWA, Regulation (EU) 2017/2402 was "on-shored" into UK domestic law as the UK Securitisation Regulation (together with the EU Securitisation Regulation, the "**Securitisation Regulations**"). Investors to which the UK Securitisation Regulation or the EU Securitisation Regulation applies should also see the section "*Certain Regulatory Disclosures*".

The Securitisation Regulations include revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and new due diligence requirements imposed on Affected Investors (as defined below) in a securitisation. If the due diligence requirements under the Securitisation Regulations are not satisfied then, depending on the regulatory requirements applicable to such Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or the Affected Investor.

Neither the Arranger nor the Lead Manager has or shall have any liability to any prospective investor or any other person for any insufficiency of any information required to be provided pursuant to the Securitisation Regulations or any non-compliance by any such person with the due diligence, retention and transparency rules set out in Articles 5, 6 and 7 of the Securitisation Regulations or any other applicable legal, regulatory or other requirements, or has any obligation to provide any further information or take any other steps that may be required by any institutional investor to enable compliance by such person with the requirements of any due diligence and investor requirement or any other applicable legal, regulatory or other requirements.

Each potential Affected Investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation, as applicable, and any corresponding national measures which may be relevant to investors and none of the Issuer, the Arranger, the Lead Manager, the Seller or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

There is a risk that the changes set out above may include, but are not limited to, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for the Notes, or decreased liquidity and increased volatility in the secondary market. Therefore, an investor's ability to resell its Notes may be limited by market conditions, and an investor must be prepared to bear the risk of holding its Notes until maturity.

Each of the Issuer, as "SSPE" for the purposes of the EU Securitisation Regulation, and the Seller, as "originator" for the purposes of the EU Securitisation Regulation, will only be obliged (as a matter of contractual obligation rather than regulatory obligation) to use its reasonable endeavours to comply with any changes to the EU Securitisation Regulation that come into force after the Closing Date that would result in a failure by it to comply with its undertakings in relation to the EU Securitisation Regulation if references to "as in force, interpreted and applied as at the Closing Date only" were not included therein. See "*Certain Regulatory Disclosures*" for further information. Investors should consider the risk that the EU Securitisation Regulation changes after the Closing Date and the effect that failure by the Issuer and the Seller to comply with any changes to the EU Securitisation Regulation would have on their investment.

For the purposes of the foregoing section, "**Affected Investor**" means:

- (a) in the case of the UK Securitisation Regulation, an "institutional investor" as defined in Article 2(12) of the UK Securitisation Regulation; and
- (b) in the case of the EU Securitisation Regulation, an "institutional investor" as defined in Article 2(12) of the EU Securitisation Regulation.

US Risk Retention

The US Risk Retention Rules generally require the "sponsor" of a "securitization transaction" to retain at least 5% of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The US Risk Retention Rules also provide for certain exemptions from the risk retention obligations that they generally impose.

The transaction will not involve retention by the Seller for the purposes of the US Risk Retention Rules, but instead will be made in reliance on an exemption provided for in Section 20 of the US Risk Retention Rules for non-US transactions. To qualify for such exemption, non-US transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10% of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to, or for the account or benefit of, US persons (as defined in the US Risk Retention Rules and referred to in this Prospectus as "**Risk Retention US Persons**"); (3) neither the sponsor nor the issuer of the securitization transaction is organised under US law or is a branch located in the United States of a non-US entity; and (4) no more than 25% of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or Issuer organised or located in the United States.

The transaction provides that the Notes may not be purchased by Risk Retention US Persons as part of the initial distribution of the Notes except in accordance with the exemption under Section 20 and with the prior written consent of the Seller. Prospective investors should note that the definition of "US person" in the US Risk Retention Rules is different from the definition of "US person" in Regulation S, and that an investor could be a Risk Retention US Person but not a US Person under Regulation S.

It is not certain whether the transaction will qualify for the exemption from the US Risk Retention Rules provided by Section 20. Failure to comply with the US Risk Retention Rules (regardless of the reason) could give rise to regulatory action against the Seller which may adversely affect the Notes. Furthermore, the consequences of non-compliance with the US Risk Retention Rules are unclear, but investors should note that non-compliance could negatively affect the market value and secondary market liquidity of the Notes.

In addition, after the Closing Date, the US Risk Retention Rules may have adverse effects on the Issuer and/or the holders of the Notes. The US Securities and Exchange Commission (the "**SEC**") has indicated in contexts separate from the US Risk Retention Rules that an "offer" and "sale" of securities may arise when amendments to securities are so material as to require holders to make a new "investment decision" with respect to such securities. Thus, if the SEC were to take a similar position with respect to the US Risk Retention Rules, they could apply to future material amendments to the terms of the Notes, to the extent such amendments require investors to make such a new investment decision with respect to the Notes. There can be no assurance that the exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions or any other exemption will be available in connection with any such refinancing or amendment occurring after the Closing Date. As a result, the US Risk Retention Rules may adversely affect the Issuer (and the performance, market value or liquidity of the Notes) if the Issuer is unable to undertake any such amendment. Furthermore, no assurance can be given as to whether the US Risk Retention Rules would have any future material adverse effect on the market value or secondary market liquidity of the Notes.

The Volcker Rule

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include US banks and bank holding companies and many non-US banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading as defined in the Volcker Rule, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain other relationships or transactions with such funds, subject to certain exclusions and exceptions. Under the

Volcker Rule, a "covered fund" includes an issuer that would be an "investment company" under the Investment Company Act but for the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. Therefore, absent an exemption, the Issuer would be a covered fund.

The Issuer intends to qualify for the "loan securitization" exclusion provided for in the Volcker Rule, and has been structured so as not to constitute a covered fund for purposes of the Volcker Rule. However, there can be no assurance that the Issuer will so qualify for such an exclusion, and the general effects of the Volcker Rule remain uncertain. If the Issuer is considered a covered fund, the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. Any prospective investor in the Notes, including a US or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Characterisation of the Swap Agreement for regulatory purposes may result in amendments for Transaction Documents and could materially adversely affect the Issuer

The Issuer will be subject to certain regulatory requirements in relation to the Swap Agreement as a consequence of the implementation of Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 as it forms part of domestic law of the United Kingdom by virtue of the EUWA ("EMIR") which entered into force on 16 August 2012, as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. EMIR provides for certain "over-the-counter" ("OTC") derivative contracts to be submitted to central clearing and imposes, amongst other things, margin posting and other risk mitigation techniques, reporting and record keeping requirements.

Investors should be aware of the following:

- (a) regardless of the Issuer's classification under EMIR, the Issuer may need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR in particularly in relation to reporting and record-keeping; and
- (b) the characterisation of the Issuer under EMIR as is currently in force will determine whether, among other things, it is required to comply with margin-posting requirements in relation to the Swap Agreement. If it were required to post margin, it is unlikely that the Issuer would be able to comply with such an obligation.

The Swap Counterparty has confirmed that it will regard the Issuer as an "NFC-" and consequently it will not be subject to a mandatory clearing obligation or margin posting under EMIR. However, there is no certainty that the Issuer's status as an "NFC-" will not change in the future which could then result in margin posting requirements and a mandatory clearing obligation (or other requirements under EMIR) applying to the Issuer. It is unlikely that the Issuer could comply with such obligations. This could ultimately lead to an Event of Default in respect of the Notes which may cause the Noteholders to incur a loss on their Notes and/or an early redemption of their Notes.

Banking legislation

The Banking Act 2009 includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. Relevant transaction parties for these purposes include the Lloyds Bank Plc in its capacity as the Account Bank.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be

made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

These tools may be applied in circumstances in which the UK authorities consider that a UK bank or investment firm is failing or is likely to fail to satisfy the FSMA threshold conditions for authorisation to carry on certain regulated activities (within the meaning of Section 55B FSMA) or, in the case of a UK banking group company that is an EEA or third country institution or investment firm, that the relevant EEA or third country relevant authority is satisfied that the resolution conditions are met in respect of such entity.

If an instrument or order were to be made under the Banking Act in respect of a relevant entity as described above (other than the Issuer), such action may have an impact on various other aspects of the transaction, including resulting in modifications to any unsecured liability of such entity under the Transaction Documents and, more generally, affecting the ability of such entities to perform their obligations under the Transaction Documents. As a result, the making of an instrument or order in respect of a relevant entity may adversely affect the rights and interests of the Noteholders.

Receiver as Agent

A receiver of a company would generally be the agent of the company until its liquidation and therefore, while acting within his powers, only incurs liability on behalf of the company. If, however, the receiver's appointer unduly directed or interfered with or influenced the receiver's actions, a court may decide that the receiver was the agent of his appointer and that his appointer should be responsible for the receiver's acts and omissions. Following an Event of Default, the Security Trustee may appoint a receiver for the Issuer. Payments to, among others, the Trustee and the Security Trustee (which have the right to receive remuneration, reimbursement for their expenses and an indemnity for its potential liabilities) will rank ahead of the interest and principal due under the Notes. Accordingly, should the Security Trustee become liable for the acts of such a receiver, the amount that would otherwise be ultimately available for payment to an investor under the Notes may be reduced.

Recharacterisation of Fixed Security Interest

An English court could hold that the fixed security interests expressed to be created by the Issuer under the Deed of Charge could take effect as floating charges as the description given to them under the Deed of Charge as fixed charges is not determinative.

Whether any fixed security interests created under the Deed of Charge will be upheld under English law as fixed security interests rather than floating security interests will depend, among other things, on whether the Security Trustee has the requisite degree of control over the relevant assets and if so, whether such control is exercised by the Security Trustee in practice. If the fixed security interests are recharacterised as floating security interests, then as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Parties in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors. Following the enactment of the Finance Act 2020, certain debts owed to HM Revenue & Customs have been granted secondary preferential status pursuant to the Insolvency Act 1986 (HMRC Debts: Priority on Insolvency) Regulations 2020. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents not to have any employees.

Basel Capital Accord and regulatory capital requirements

The Basel III reform package approved by the Basel Committee on Banking Supervision ("**Basel III**") has been implemented in the EEA through Regulation (EU) No. 575/2013 as amended by the CRR Amending Regulation ("**CRR**") and the re-cast Capital Requirements Directive associated with the implementation of Basel III ("**CRD**") (together, "**CRD IV**"). The CRR establishes a single set of harmonised prudential rules for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio) and the net stable funding ratio which apply directly to all credit institutions in the EEA, with the CRD containing less prescriptive provisions which (unlike the CRR, which applies across the European Union without the need for any member state-level legislation) are required to be transposed into national law. Together the CRR and CRD reinforce capital standards and establish a leverage ratio backstop. As CRD IV allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

As a result of the COVID-19 pandemic, (a) the implementation date of standards finalised by the Basel Committee in December 2017 (commonly referred to as "**Basel IV**") has been postponed by one year to 1 January 2023 and (b) the completion date for the accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028. As a result of Brexit, UK regulation may start to diverge from EU regulation and this may have an impact on the treatment of the Notes. The UK is expected to continue to implement the Basel frameworks and/or any of the changes put forward by the Basel Committee.

Therefore, it can be expected that laws and regulations relating to capital requirements and related prudential regulatory matters will continue to develop.

There is a risk that changes under CRD IV and Basel III as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

Securitisation Company Tax Regime

The Taxation of Securitisation Companies Regulations 2006 (the "**TSC Regulations**"), as amended, deal with the corporation tax position of securitisation companies such as the Issuer with effect for periods of account beginning on or after 1 January 2007.

If the TSC Regulations apply to the Issuer, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. Based on advice received, the Issuer expects to be taxed under the special tax regime for which provision is made by the TSC Regulations.

Investors should note, however, that the TSC Regulations are in short-form and advisors rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the regime.

Prospective Noteholders should note that there is a risk that the Issuer is not taxed under the special tax regime and is instead taxed under the normal corporation tax rules and, if so, then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the deduction of interest paid on the Notes could well be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Noteholders.

The Issuer believes that the risks described above are the principal risks for the Noteholders, but the inability of the Issuer to pay interest and principal on the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risk of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus mitigate some of these risks for the Noteholders, there can be no assurance that these measures will be sufficient to ensure full payments to the Noteholders of interest and principal on a timely basis or at all.

CERTAIN REGULATORY DISCLOSURES

The following outlines certain matters that may be relevant to some investors. It does not purport to be a comprehensive list of regulatory matters that pertain to investors. All investors are responsible for analysing their own regulatory position.

Please refer to "*Risk Factors – Legal and Regulatory Risks Relating to the Structure and the Notes*" for more information.

UK Securitisation Regulation

Risk retention requirements

The Seller, as "originator" for the purposes of the UK Securitisation Regulation, will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation as required by Article 6(1) of the UK Securitisation Regulation;
- (b) at all relevant times comply with the requirements of paragraph (iii) of Article 7(1)(e) of the UK Securitisation Regulation by including in the investor reports made available in accordance with that Article information about the risk retained by the Seller in accordance with Article 6(1) of the UK Securitisation Regulation;
- (c) not change the manner in which it retains such material net economic interest, except to the extent permitted by the UK Securitisation Regulation; and
- (d) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the UK Securitisation Regulation,

subject to any Requirement of Law and **provided that** the Seller will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Seller.

Transparency requirements

The Issuer (as "SSPE" for the purposes of the UK Securitisation Regulation) has been designated pursuant to Article 7(2) of the UK Securitisation Regulation as the entity to fulfil the information requirements pursuant to points (a), (b), (e), (f) and (g) of the first subparagraph of Article 7(1) of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation.

The Issuer will procure that the Servicer will:

- (a) publish, on a monthly basis, simultaneously with the loan level report referred to in (b) below, a monthly investor report in respect of the relevant period as required by, and in accordance with, Article 7(1)(e) of the UK Securitisation Regulation;
- (b) publish, on a monthly basis, simultaneously with the investor report referred to in (a) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by, and in accordance with, Article 7(1)(a) of the UK Securitisation Regulation (and the Issuer shall make the same available to potential investors before pricing upon request);
- (c) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes;
- (d) publish without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation,

provided that the Servicer will not be in breach of such undertaking if it fails to so comply due to events, actions and/or circumstances beyond its control.

The reports set out in paragraphs (a) and (b) above, and the documentation and information set out in paragraphs (c) and (d) above, shall be published on the website of European DataWarehouse Ltd, being, as

at the date of this Prospectus, a securitisation repository registered under Article 10 of the UK Securitisation Regulation, at <https://editor.eurowdw.co.uk/esma/viewdeal?edcode=AUTSUK000209500320229>. Each such report set out in paragraphs (a) and (b) above shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Trustee, the Security Trustee, the Seller, the Servicer, the Cash Manager, the Arranger, the Lead Manager or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

Please refer to the section entitled "*Risk Factors – Legal and Regulatory Risks relating to the Structure and the Notes – The UK Securitisation Regulation*" for further information on the implications of the EU risk retention requirements and the UK Securitisation Regulation.

STS Status

The Seller does not intend to make an STS notification (as defined in the UK Securitisation Regulation) to the FCA that the Transaction meets the requirements of Articles 19 to 22 of the UK Securitisation Regulation. Accordingly, the Transaction shall not be considered an STS securitisation.

EU Securitisation Regulation

Risk retention requirements

The Seller, as "originator" for the purposes of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date), will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation in accordance with Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only);
- (b) at all relevant times comply with the requirements of paragraph (iii) of Article 7(1)(e) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) by including in the investor reports made available in accordance with that Article information about the risk retained by the Seller in accordance with Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only);
- (c) not change the manner in which it retains such material net economic interest, except to the extent permitted by the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only);
- (d) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only); and
- (e) use reasonable endeavours to comply with any changes to the EU Securitisation Regulation that come into force after the Closing Date that would result in a failure by it to comply with its obligations pursuant to paragraphs (a) to (d) above if references to "as in force, interpreted and applied as at the Closing Date only" were not included therein,

subject to any Requirement of Law and **provided that** the Seller will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Seller.

Transparency requirements

The Issuer (as "SSPE" for the purposes of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only)) will undertake to fulfil the information requirements pursuant to points (a), (b), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only). The Issuer has appointed the Servicer to perform all of the Issuer's obligations in relation to that undertaking.

The Issuer will procure that the Servicer will:

- (a) publish, on a monthly basis, simultaneously with the loan level report referred to in (b) below, a monthly investor report in respect of the relevant period as required by, and in accordance with, Article 7(1)(e) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only);
- (b) publish, on a monthly basis, simultaneously with the investor report referred to in (a) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by, and in accordance with, Article 7(1)(a) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) (and the Issuer shall make the same available to potential investors before pricing upon request);
- (c) make available the documents as required by and in accordance with Article 7(1)(b) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) prior to the pricing date of the Notes;
- (d) publish without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only),

provided that the Servicer will not be in breach of such undertaking if it fails to so comply due to events, actions and/or circumstances beyond its control.

The reports set out in paragraphs (a) and (b) above, and the documentation and information set out in paragraphs (c) and (d) above, shall be published on the website of European DataWarehouse Ltd at <https://editor.eurodw.co.uk/esma/viewdeal?edcode=AUTSUK000209500320229>, being, as at the date of this Prospectus, a website that meets the requirements set out in Article 7(2) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only). Each such report set out in paragraphs (a) and (b) above shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

Volcker Rule

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". In making this determination, the Issuer intends to qualify for the "loan securitization" exclusion provided for in the Volcker Rule although other exclusions or exemptions may also be available to the Issuer. However, there can be no assurance that the Issuer will so qualify for such exclusion, and the general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

TRIGGERS TABLES

RATING TRIGGERS TABLE

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached</u>
Account Bank	<p>Either:</p> <p>(a)</p> <p style="padding-left: 20px;">(i) a long-term issuer rating of at least "A" (or its equivalent) or a long term critical obligations rating of least "A(high)" (or its equivalent) by DBRS; and</p> <p style="padding-left: 20px;">(ii) a long term issuer credit rating of at least "A" by S&P,</p> <p style="padding-left: 20px;">or, if the bank does not have such rating, it must be guarantee by an institution having such rating; or</p> <p>(b) such other rating which is acceptable to the Rating Agencies from time to time.</p>	<p>The Issuer, the Cash Manager and the Servicer will be required, within 60 calendar days, to:</p> <p>(a) use all reasonable endeavours to open replacement account(s) with a Qualified Institution and enter into a new account bank agreement on terms substantially similar to those set out in this Agreement and, following the opening of such replacement accounts, promptly close the Issuer Account(s) held with the Account Bank;</p> <p>(b) use all reasonable endeavours to obtain a guarantee of the obligations of such Account Bank under this Agreement from a Qualified Institution; or</p> <p>(c) take such other remedial action as may be acceptable to the Rating Agencies in order to maintain the ratings of the Rated Notes.</p>

**Swap Counterparty/
Swap Guarantor (as
applicable)**

DBRS rating requirements

Initial DBRS Required Rating

A public rating assigned by DBRS to either the relevant entity (or its guarantor) or its (or its guarantor's) long-term, unsecured and unsubordinated debt obligations of at least "A" or, in the absence of a rating assigned by DBRS, a DBRS Equivalent Rating at least equal to "A" by DBRS, or such other minimum required ratings as may be specified in the Swap Agreement (the "**Initial DBRS Required Rating**").

For as long as the Swap Counterparty (or its guarantor) does not have the Initial DBRS Required Rating but does have at least the Subsequent DBRS Required Rating, then the Swap Counterparty must (a) post collateral and may (b)(i) procure a transfer to an eligible replacement of its obligations under the Swap Agreement (ii) procure a guarantee from an eligible guarantor in respect of its obligations, under the Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Rated Notes by DBRS.

Subsequent DBRS Required Rating

A public rating assigned by DBRS to either the relevant entity (or its guarantor) or its (or of its guarantor's) long-term, unsecured and unsubordinated debt obligations of at least "BBB" or, in the absence of a

For as long as the Swap Counterparty (or its guarantor) does not have at least the Subsequent DBRS Required Rating, then the Swap Counterparty must post collateral and shall further (i) procure a transfer to an eligible

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached</u>
	rating assigned by DBRS, a DBRS Equivalent Rating at least equal to "BBB" by DBRS, or such other minimum required ratings as may be specified in the Swap Agreement (the " Subsequent DBRS Required Rating ").	replacement of the obligations under the Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations, under the Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Rated Notes by DBRS.

S&P rating requirements

S&P Global Ratings' 'Counterparty Risk Framework: Methodology And Assumptions', (published on 8 March 2019) provide for four different options (each, a "**Collateral Option**") for selecting applicable frameworks containing transfer ratings triggers, and the contractual requirements that should apply on the occurrence of the loss of a ratings requirement by the Swap Counterparty. Subject to certain conditions specified in the Swap Agreement, the Swap Counterparty may change the applicable Collateral Option. Collateral Option "Strong" is expected to apply on the Closing Date.

Initial S&P Required Rating

The Swap Counterparty or any guarantor in respect of the Swap Counterparty must have a long-term issuer credit rating or resolution counterparty rating of at least:

- "A-" (if Collateral Option "Strong", applies at the relevant time);
- "A-" (if Collateral Option "Adequate" applies at the relevant time); or
- "A" (if Collateral Option "Moderate" applies at the relevant time).

Subject to the terms of the Swap Agreement, if Collateral Option "Strong", "Adequate" or "Moderate" applies at the relevant time, the Swap Counterparty will be obliged to (a) post collateral and may (b)(i) procure a transfer to an eligible replacement of the obligations under the Swap Agreement, or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement, or (iii) take such other action as required to maintain or restore the rating of the Rated Notes by S&P.

Subsequent S&P Required Rating

The Swap Counterparty or any guarantor in respect of the Swap Counterparty must have a long-term issuer credit rating or resolution counterparty rating at least:

The Swap Counterparty will be obliged to take one of the following actions: (a) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (b) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (c) take such other

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached</u>
	<ul style="list-style-type: none"> • "BBB+" (if Collateral Option "Strong", applies at the relevant time); • "A-" (if Collateral Option "Adequate" applies the relevant time); • "A" (if Collateral Option "Moderate" applies at the relevant time); or • "A+" (if Collateral Option "Weak" applies at the relevant time). 	<p>action as required to maintain or restore the rating of the Rated Notes by S&P. In addition, other than if Collateral Option "Weak" applies, as long as the remedial actions of limb (a) to (b) have not been put into place, to post or continue to post collateral.</p>

NON-RATING TRIGGERS TABLE

Trigger	Description of Trigger	Consequence of trigger
Perfection Event	<p>Each of the following events:</p> <ul style="list-style-type: none"> (a) the Seller (or the Servicer on behalf of the Seller) fails to pay any sum due from it to the Issuer in respect of the Purchased Receivables within five Business Days of the due date thereof or the date of demand, if payable on demand, in the currency and in the manner specified herein, and such failure is not remedied within ten Business Days following the earlier of the Issuer giving notice thereof to the Seller and the Seller becoming aware of such failure to pay; or (b) the Seller being required to perfect the Issuer's legal title to the Purchased Receivables (or procure the perfection of the Issuer's legal title to the Purchased Receivables) by an order of a court of competent jurisdiction or by any regulatory authority of which the Seller is a member or any organisation with whose instructions it is customary for the Seller to comply; or (c) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables); or (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or (e) the occurrence of an Insolvency Event in respect of the Seller; or (f) the occurrence of a Severe Deterioration Event in respect of the Seller; or (g) it becoming necessary for enforcement of the Issuer's rights related to the Purchased Receivables, provided that if no Event of Default has occurred and is continuing, the Issuer will seek the approval of the Seller, such approval not to be unreasonably delayed or withheld. 	<p>A number of perfection acts may occur, including:</p> <ul style="list-style-type: none"> (a) Customers being notified of the sale of the Purchased Receivables to the Issuer; (b) legal title to the Portfolio being transferred to the Issuer; and (c) Customers being directed to pay amounts outstanding in respect of the Purchased Receivables directly to the Issuer.

Trigger	Description of Trigger	Consequence of trigger
Servicer Termination Event	<p>Any of the following events occurs:</p> <p>(a) the Servicer fails to direct (or to procure the direction of) any movement of Collections as required under the Servicing Agreement and the other Transaction Documents, and such failure has continued unremedied for a period of five Business Days after the earlier of written notice of the same being received by the Servicer or the Servicer becoming aware of such failure, unless:</p> <p>(i) the failure was caused by an event outside the Servicer's control and does not continue for more than ten Business Days, and the Servicer uses all commercially reasonable efforts to perform its obligations under the Servicing Agreement and promptly notifies the Trustee, the Security Trustee, the Issuer and the Noteholders of the failure and the steps being taken to correct it; or</p> <p>(ii) the failure relates to an amount no greater than 0.05% of the aggregate Principal Amount Outstanding of all Notes and does not continue for more than 90 days after such failure; or</p> <p>(b) the Servicer (i) fails to observe or perform in any respect any of its covenants and obligations under or pursuant to the Servicing Agreement or any other Transaction Document to which it is a party and such failure results in a material adverse effect on the Purchased Receivables and continues unremedied for a period of 60 days after the earlier of a Responsible Person of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer from the Issuer or, after delivery of an Enforcement Notice or notice that the Security Trustee has taken any action to enforce the Security, the Security Trustee requiring the same to be remedied or (ii) fails to</p>	<p>Termination of the appointment of the Servicer.</p> <p>See the section entitled "<i>Principal Transaction Documents – Servicing Agreement – Resignation and Termination of the Servicer</i>" for further information.</p>

Trigger	Description of Trigger	Consequence of trigger
	<p>maintain its FSMA authorisation or any other regulatory licence or approval required under the terms of the Servicing Agreement and such failure continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer;</p> <p>(c) the occurrence of an Insolvency Event in relation to the Servicer; or</p> <p>(d) any of the warranties given by the Servicer pursuant to the Servicing Agreement prove to be untrue, incomplete or inaccurate and such default (if capable of remedy) continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer.</p> <p>Note that the Servicer is entitled for a period of five Business Days from receipt of any notice of any breach in the performance of the Services by any sub-contractor or delegate of the Servicer to remedy such breach before it is treated as a breach of the Servicing Agreement by the Servicer, including for the purposes of paragraphs (a) and (b) above.</p>	
<p>Cash Manager Termination Event</p>	<p>Any of the following events occurs:</p> <p>(a) provided the Cash Manager has been properly put in funds therefor, default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of five Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or the Security Trustee, as the case may be, requiring the same to be remedied; or</p> <p>(b) default is made by the Cash Manager in the performance or observance of any of its other</p>	<p>Termination of the appointment of the Cash Manager.</p> <p>See the section entitled "<i>Principal Transaction Documents – Cash Management Agreement – Resignation and Termination of the Cash Manager</i>" for further information.</p>

Trigger	Description of Trigger	Consequence of trigger
	<p>covenants and obligations under the Cash Management Agreement and such default (if capable of remedy) continues unremedied for a period of 60 days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or the Security Trustee, as the case may be, requiring the same to be remedied; or</p> <p>(c) an Insolvency Event with respect to the Cash Manager occurs; or</p> <p>(d) a FATCA Deduction is imposed on any payment made by the Cash Manager under the Cash Management Agreement, which cannot be avoided by reasonable measures.</p> <p>Note that the Cash Manager is entitled for a period of 20 Business Days from receipt of any notice of any breach in the performance of the Cash Management Services by any sub-contractor or delegate of the Cash Manager from the Issuer or the Security Trustee to remedy such breach before it is treated as a breach of the Cash Management Agreement by the Cash Manager, including for the purposes of paragraphs (a) and (b) above.</p>	
Events of Default	<p>In summary, the occurrence of any of the following:</p> <p>(a) the Issuer fails to pay interest due on Notes of the Controlling Class within five Business Days of its due date;</p> <p>(b) the Issuer fails to pay the principal amount of a Class of Notes in full on its Final Legal Maturity Date;</p> <p>(c) the Issuer breaches its obligations under the Transaction Documents and such breach has a Material Adverse Effect and is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 60 calendar days;</p> <p>(d) the Security granted under the Transaction Documents becoming</p>	<p>The Notes may be declared immediately due and payable by the Trustee in its absolute discretion or in compliance with the directions of the Controlling Class acting by way of a Written Resolution or by way of an Extraordinary Resolution (and subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction).</p>

<u>Trigger</u>	<u>Description of Trigger</u>	<u>Consequence of trigger</u>
	void, unenforceable or ineffective; and (e) an Insolvency Event regarding the Issuer.	

FEES

The table below sets out the principal on-going transaction fees. Each of these fees is subject to change at any time without Noteholder notification or approval, including upon the appointment of any successor Transaction Party pursuant to the applicable Transaction Document.

<u>Type</u>	<u>Amount</u>	<u>Priority</u>	<u>Frequency</u>
Servicing Fee	In relation to each Calculation Period, the product of: (a) $\frac{1}{12}$; (b) 1% per annum; and (c) the Aggregate Outstanding Principal Balance as at the end of the Collection Period ending immediately before the relevant Payment Date, (inclusive of VAT).	Senior to Noteholders	Monthly in arrear on each Payment Date
Cash Management Fee	£10,000 per annum (inclusive of VAT)	Senior to Noteholders	Monthly in arrear on each Payment Date
Corporate Services Provider fees	£4,600 per annum (exclusive of VAT)	Senior to Noteholders	Semi-annually in advance
Other expenses/fees	Approximately £37,000 per annum (exclusive of VAT)	Senior to Noteholders	Various

THE SELLER, SERVICER, CASH MANAGER, SUBORDINATED LOAN PROVIDER AND SWAP COUNTERPARTY

General

Black Horse Limited ("**Black Horse**") was incorporated in England and Wales on 1 June 1960 (registration number 00661204). Black Horse's registered office is at 25 Gresham Street, London EC2V 7HN. Black Horse is an indirect subsidiary of Lloyds Bank plc. The company regarded as the ultimate parent and controlling party of Black Horse is Lloyds Banking Group plc.

Black Horse has operated under its current name since 5 July 2001. Black Horse is one of the largest independent point of sale finance providers in the United Kingdom for the car, motorcycle and caravan market. Black Horse originates business through a network of franchised and independent dealers which gives it a broad geographic spread of business throughout England and Wales, Scotland and Northern Ireland. In addition, Black Horse provides a range of motor finance retail products to assist customers with vehicle ownership. Black Horse also administers a range of wholesale products to support dealers with funding demonstrators and vehicle stocking.

Black Horse is authorised as a finance provider under the Financial Services and Markets Act 2000 ("**FSMA**") as amended by the Financial Services Act 2012. Black Horse is authorised and regulated by the FCA. Black Horse is not a credit institution as defined in points (1) and (2) of Article 4(1) of the CRR.

For more details, see "*– Servicing and Collections*" below.

Securitisation and Servicing Experience

Black Horse has been involved in four previous securitisation transactions: (i) a public securitisation in February 2011 with Cardiff Auto Receivables Securitisation 2011-1 plc and (ii) a private securitisation in October 2011 with Private Asset Receivables Securitisation 2011-1 plc, both of which were redeemed in 2012, (iii) a public securitisation in December 2018 with Cardiff Auto Receivables Securitisation 2018-1 plc, and (iv) (iii) a public securitisation in December 2019 with Cardiff Auto Receivables Securitisation 2019-1 plc.

Black Horse has been appointed by the Issuer as the Servicer under the terms of the Servicing Agreement. Black Horse has expertise in servicing the Portfolio and the wider Black Horse portfolio and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of the Portfolio and the wider Black Horse portfolio. The wider Black Horse portfolio includes, but is not limited to, the origination volumes set out below.

Black Horse's Vehicle Finance Business

Within the vehicle finance industry in the UK, Black Horse is one of the major providers of point of sale car finance. Black Horse, having assets on the balance sheet relating to motor finance (excluding contract hire and joint ventures) of approximately £12.9 billion at 31 December 2020. Black Horse originated the following amounts of hire-purchase ("**HP**") and personal contract purchase ("**PCP**") business in the UK in the last five years:

Motor vehicle hire-purchase and personal contract purchase originated by Black Horse

	New Business Volume (£m)				
	2016	2017	2018	2019	2020
HP					
Cars.....	1,439	1,591	1,552	1,370	1,273
Motorbikes	103	60	60	40	33
LCVs.....	133	124	153	132	103
	1,675	1,774	1,765	1,543	1,409
PCP					
Cars.....	2,554	2,907	3,514	3,696	2,898
Motorbikes	92	92	95	85	62
LCVs.....	15	3	7	7	9
	2,661	3,003	3,617	3,788	2,969

	New Business Volume (£m)				
	2016	2017	2018	2019	2020
Total					
Cars.....	3,993	4,498	5,066	5,066	4,171
Motorbikes	195	152	155	125	95
LCVs.....	148	127	160	139	112
	4,336	4,777	5,381	5,330	4,378

For more details about the pool of Receivables, see "*The Provisional Portfolio*".

Origination, Underwriting and Purchasing

Black Horse, as the originator, has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation which broadly include:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits,
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures,
- (c) diversification of credit portfolios given Black Horse's target market and overall credit strategy, and
- (d) policies and procedures in relation to risk mitigation techniques.

The Portfolio was originated in the ordinary course of Black Horse's business in accordance with the origination processes set out above which were applied irrespective of whether the Receivables were to be securitised.

Origination Channels

Black Horse originates vehicle personal contract purchase business through a network of dealers which gives it a broad geographic spread of business throughout England and Wales, Scotland and Northern Ireland.

Black Horse's vehicle finance business is introduced by third party motor dealers at the point of sale. Where dealers introduce contracts, they are responsible for collecting all customer application data such as the applicant's name, address and occupation, which is recorded on an application form on Black Horse's or the dealers own point of sale system.

PCP Agreements

Personal contract purchase agreements ("**PCP Agreements**") are available for both New Vehicles and Used Vehicles. PCP Agreements contain standard rental terms where an initial payment may be required and the balance is amortised in equal monthly instalments, with an optional additional larger "balloon" final rental payment at the end of the term of the PCP Agreement, where the Customer can either settle the contract by paying the balloon final rental payment (and thereby purchase the vehicle) or, subject to the vehicle being in a condition acceptable to Black Horse and within agreed mileage, return the vehicle to Black Horse in full and final settlement of the PCP Agreement.

Where the Customer chooses to retain the vehicle under a PCP Agreement, title in the vehicle passes to the Customer when the Customer pays the balloon final rental payment (which includes the "option to purchase" fee). The balloon final rental payment is less than or equal to a 'guaranteed future value' ("**GFV**") agreed when the contract was arranged. The GFV is established with reference to the vehicle specification (model and equipment), the term and mileage.

Where the Customer chooses to return the Vehicle, Black Horse then sells the Vehicle. The sale proceeds of the Vehicle are transferred to the Issuer as Vehicle Proceeds, with any shortfall being written off by the Issuer and not recovered from the Customer.

Application Processing

Black Horse's standard application processing procedures require completion of an application in respect of each applicant. If the applicant is a consumer, the form will contain certain information about the prospective customer (such as information about his employment and whether he is a home owner) for the purpose of assessing his creditworthiness. All new applications are captured electronically, online, via dealer point of sale technology in motor dealer premises. The information obtained from the application is processed by Black Horse staff and is used in the credit scoring system described below. An application is accepted or rejected after applying this credit scoring process.

If an application is accepted, in over 68% of circumstances the agreement form is signed electronically by the customer at the relevant dealer's premises with the remaining forms being signed by the customer and forwarded to Black Horse's business operations team. The contract details, together with any other relevant information, are stored on computer and used for future contract servicing. A scan of the finance agreement is retained for a period of 10 years from the date of completion of the relevant contract so that appropriate legal remedies may be pursued against the customer if necessary.

Car Data Registration and Credit Assessment

The car data registration team (the "**CDR Team**") ensures that vehicles are protected and correctly registered. The CDR Team look for any vehicles which have had a plate change, not been registered with the Driver and Vehicle Licensing Agency, are subject to a prior or subsequent interest and deal with each appropriately to ensure that Black Horse's vehicles are properly registered and protected.

Black Horse invests considerable resources vetting applications to assess the creditworthiness of applicants. The decision to grant credit in respect of any application is made in accordance with the company's credit policy. A mandate structure exists so that those cases where the applicant requires a larger amount of credit or where the terms are perceived to represent a higher risk are referred to experienced credit assessors.

All motor lending decisions are handled by Black Horse's motor operations team in Cardiff.

Consumer applications

Once the application form, which has been completed at the dealer's premises, has been checked for completeness, it is subject to two elements of credit assessment. Firstly, a reference is obtained from a credit reference agency, through direct online links with Experian Limited. This allows the applicant's name and address to be verified and gives a credit history. This credit history will include data on current and prevailing credit facilities utilised by an individual, including (where available) the repayment profile under each facility. The reference will show any facility which has been terminated by a lender for breach and any county court judgments which have been made against the applicant. A vehicle data check is also carried out to ensure that nothing adverse is recorded against the vehicle such as being a stolen vehicle, an insurance write-off or already on finance with another provider.

Secondly, the application is credit scored, a process which involves a statistical method of credit assessment which gives certain weightings to individual characteristics, which have proved historically to be predictive of actual credit performance, and generates a credit score. Characteristics included in the scorecard incorporate the results of the credit reference check, alongside demographic data given by the applicant. The credit score is checked against a predetermined cut-off level. An application with a credit score which fails to attain that level can only be accepted after specific intervention by a Black Horse credit assessor, in accordance with an approved mandate structure. The volume and performance of the cases where there has been specific intervention is separately monitored. In addition, the company applies a number of lending policy rules governing the size of deposits and the term of agreements.

Since 1994, Black Horse has used in-house expertise to develop its own score cards. Scorecards may be redeveloped as required, and are subject to regular periodic monitoring and review. They are also subject to review via an independent model monitoring team. Redevelopment may be for numerous reasons, including a change in business strategy or risk appetite, consistent and marked deterioration in current model performance or legislative change. The performance of each score card is subject to two forms of continuing assessment. The first compares the demographic characteristics of current applicants with those of the applicants used to develop the score card. The second compares actual credit performance with that predicted by the scorecard.

With respect to motor fraud, Black Horse adopts a number of policies to aid in its prevention. Policy rules and a rule-based fraud index look to refer any potentially risky cases to lending officers to help determine whether a potential fraudulent application has been received. The "SIRA" assessment tool is also utilised by fraud prevention specialists to assist in spotting any fraudulent applications. In addition, an acceptance condition of all motor agreements is for a driving licence or a provisional driving licence in the customer's name and bearing a declared address to be submitted by the dealer in line with money laundering "Know Your Customer" regulations. This proof of identity is electronically validated by software embedded into the funding process.

Deposits paid by Customers

Customers entering into contracts to finance motor vehicles may pay a deposit. The amount of the deposit paid by customers varies as a percentage of the cash price of the vehicle being financed. The level of deposits paid by customers affects the exposure Black Horse has in recovering amounts owed to it out of the sale proceeds of vehicles following repossession. Further information on the level of customer deposits is set out below in the section entitled "*The Provisional Portfolio – Summary of Provisional Portfolio as of 7 December 2021*".

Payment-Clearing Procedure

All new hire-purchase and personal contract purchase contracts are set up with a direct debit mandate in place. This is actioned through the generation, on a daily basis, of a computer tape passed to the Association for Payment Clearing Services. Following signing of the contract, a customer may be permitted in certain circumstances to complete a standing order via the customer services team, instructing the customer's bank to pass funds to Black Horse, which receives, on a daily basis, a computer tape from the Association for Payment Clearing Services recording the amounts which have been paid. The use of standing orders is typically only permitted to help resolve any technical repayment issues a Customer may be facing. Thirdly, customers may pay in cash or by cheque at a branch of Lloyds Bank plc or of another clearing bank or through the post to Black Horse's central office. Customers can also make payments using the "Interactive Voice Response" or web self-service facility using their debit card or via internet banking.

Dealer Arrangements

When Black Horse enters into a vehicle personal contract purchase agreement with a customer introduced by a dealer, the dealer enters into a contract of sale with Black Horse whereby the dealer sells the vehicle to Black Horse for the purpose of leasing it on hire-purchase to the customer. If there is a breach of any of the express and implied terms of the contract of sale, Black Horse has a right of action against the dealer.

Servicing and Collections

The company's collection policy is controlled centrally. Responsibility for arrears and default control lies within Lloyds bank, however certain aspects of arrears and default processes are completed by third party providers selected from an approved panel.

Collections procedures have been established, based on computerised systems, with clearly defined rules set out by Black Horse. These rules will not be amended without the prior written consent of the Security Trustee (acting on the instructions of the Controlling Class) (except changes required by applicable law or regulatory guidance) if, in the reasonable opinion of Black Horse, the result of such amendment could reasonably be expected to adversely affect the Issuer or its interest in the Purchased Receivables.

In accordance with current practice, the arrears policy is based upon the risk categorisation of a particular customer case. In the first instance, cases deemed to be a high risk will be dealt with on a different timetable compared to those customers deemed to be of a medium or low risk. For example, in a high risk case direct contact would typically be made with the relevant customer at the point at which they were six days in arrears. With respect to a medium risk case, outbound contact attempts would not be sent until the customer was 24 days in arrears. A low risk case would typically be contacted by outbound methods only after the customer was one month in arrears. The collection policy also allows for contact to be made by personal visits, text messages, letters, auto-voice systems, "Interactive Voice Response" and online self-service; where required tracing and repossession work is also completed. Letters are not impacted by the risk categorisation with the first one issued at eight days in arrears. Black Horse have put in place procedures to recognise vulnerable customers and to manage cases of arrears accordingly.

Once a case (irrespective of risk profile) is over 121 days in arrears it is also subject to tracing and repossession work, use of text messages and personal visits in order to attempt to return the relevant account to order if it will add value, for example, if we have identified a new address following tracing work. If repossession work is unsuccessful and we are aware of the location of the goods, the arrears policy looks to enforcement. In this scenario action is taken through the courts for the return of goods through litigation and enforcement action. A write off only occurs where all options have been exhausted and it is no longer economic to pursue the debt. From time to time, debt sales may occur if the relevant account is eligible for sale.

In accordance with the Credit and Collection Procedures, Black Horse crystallises a loss with respect to an asset either following the sale of the relevant account to a third party or on sale of the Related Vehicle. For the purpose of the transaction, the Servicer will crystallise a loss on a Receivable and credit a corresponding amount to the Principal Deficiency Ledger on a Payment Date where a Receivable becomes a Defaulted Receivable during the Collection Period immediately preceding that Payment Date or where Vehicle Proceeds were received in respect of a PCP Handback Receivable or VT Receivable during the Collection Period immediately preceding that Payment Date. Any such loss recorded on the Principal Deficiency Ledger will be recorded gross of any Recoveries (if applicable).

The rights under each personal contract purchase contract are pursued, including the taking of legal action, in all cases where the circumstances make such action economic and practicable.

VT Receivables and Defaulted Receivables

Any excess Vehicle Proceeds on Defaulted Receivables or VT Receivables are transferred to the Customer.

Modifications

In certain cases where a customer has been delinquent, Black Horse may, at its option, permit the terms of the contract (such as monthly payment amounts or payment dates) to be modified if Black Horse believes that such a modification will enhance the likelihood of settlement in full.

Under the Receivables Servicing Agreement, Black Horse has agreed that no changes shall be made to the Receivable Agreements comprised in the Portfolio unless such changes are Permitted Variations. In addition, if Black Horse agrees to any amendment or modification to any Receivable Agreement comprised in the Portfolio which is a Non-Permitted Variation, the Seller must repurchase such Receivable and the Related Receivable Agreement subject to such modifications on or before the end of the Calculation Period immediately following the Calculation Period during which such Non-Permitted Variation occurs in accordance with the terms of the Receivables Sale Deed.

Vehicle Accident Insurance

Although Black Horse owns the vehicle under a personal contract purchase agreement, the customer, in possession of the vehicle, is legally responsible for obtaining (and maintaining) fully comprehensive insurance cover in respect of the vehicle. In seeking cover, the customer is obliged to state that the vehicle being insured is the subject of a personal contract purchase agreement, and the policy will be noted accordingly. Under the terms of the Receivable Agreement, the insurer must pay Black Horse any proceeds received in respect of an insurance claim not exceeding an amount equal to all amounts outstanding under the contract. In some circumstances, the relevant insurance company may settle an insurance claim by providing a replacement vehicle. In these circumstances, the contract with the customer is amended to reflect Black Horse's ownership of the replacement vehicle.

HISTORICAL PERFORMANCE

Delinquency and Credit Loss Information

The following tables show delinquency, credit loss, voluntary termination, PCP handback and prepayment information for PCP contracts in the entire Black Horse portfolio which have similar characteristics to the Provisional Portfolio, specifically New Vehicle or Used Vehicles that are to Customers with an "A" credit score.

Delinquencies, credit losses, voluntary terminations, PCP handbacks or prepayments may be influenced by a variety of economic, social, geographic and other factors beyond the control of Black Horse. Historical performance cannot give assurance that performance will remain constant. Please see the risk factor entitled "Risks relating to the Underlying Assets and the Performance of the Notes – Performance of the Receivables is uncertain" for more details.

Delinquencies, credit losses, voluntary terminations, PCP handbacks or prepayments are shown as a percentage of the total portfolio with similar characteristics. Over the period shown, the portfolio size increases materially. The experience for a particular pool of contracts originated in any period would differ from the portfolio experience shown in the following tables.

Delinquencies

Delinquencies are calculated based on the average of the outstanding number of the receivables that are delinquent at the end of the month expressed as a percentage of the average of the aggregate number of contracts as at the end of each month. The outstanding balance of a receivable (whether delinquent or not) means the receivables balance at the end of the month (including principal, interest accrued and unpaid and any fees charged to the customer) plus interest that would have accrued if the contract were paid to maturity under its terms. The period of delinquency is the number of days that more than £1 of a scheduled payment is past due.

Credit Losses

Credit losses are calculated by deducting net vehicle sale proceeds, if any, and any other collections from the outstanding principal balance only at the time of write-off. These are referred to in the table below as "vehicle recoveries". Credit losses are further reduced after write-off by any net recoveries received from or on behalf of the customer, including insurance proceeds.

In the following tables, credit losses, voluntary terminations are calculated using account one month prior to default or voluntary termination as a percentage of the total advances and PCP handback data are calculated using principal balance. Delinquency data is calculated using outstanding balance (principal balance plus interest and any other fees).

Delinquency and Credit Loss Information

	Nine months ended 30 September		Year ended 31 December				
	2021	2020	2020	2019	2018	2017	2016
Average number of contracts outstanding....	193,313	190,289	254,822	238,040	201,429	166,989	123,972
Average portfolio outstanding (£m) ⁽¹⁾	5,075	5,031	6,734	6,303	5,200	4,243	3,218

⁽¹⁾ Average of the aggregate principle balance of total Personal Contract Purchases outstanding at the end of each period, calculated by summing the individual monthly accounts and dividing by the number of months in the reporting period.

Delinquencies

	Nine months ended 30 September		Year ended 31 December				
	2021	2020	2020	2019	2018	2017	2016
Average number of delinquencies							
31 – 60 days.....	195	399	471	231	163	113	67
61 – 90 days.....	125	230	266	112	86	56	39
91 – 120 days.....	90	150	176	75	55	37	25
120 – 180 days.....	122	159	190	98	65	48	27
Average number of delinquencies as a percentage of average number of contracts outstanding							
31 – 60 days.....	0.10%	0.21%	0.18%	0.10%	0.08%	0.07%	0.05%
61 – 90 days.....	0.06%	0.12%	0.10%	0.05%	0.04%	0.03%	0.03%
91 – 120 days.....	0.05%	0.08%	0.07%	0.03%	0.03%	0.02%	0.02%
120 – 180 days.....	0.06%	0.08%	0.07%	0.04%	0.03%	0.03%	0.02%

Credit Losses

	Nine months ended 30 September		Year ended 31 December				
	2021	2020	2020	2019	2018	2017	2016
Aggregate losses before vehicle recoveries (£m) ⁽¹⁾	22.2	30.6	39.8	30.5	20.6	14.2	8.1
Losses before vehicle recoveries as a percentage of average portfolio outstanding ..	0.44%	0.61%	0.59%	0.48%	0.40%	0.33%	0.25%
Aggregate losses after vehicle recoveries (£m)	1.0	12.2	15.0	11.1	6.4	6.1	3.0
Losses after vehicle recoveries as a percentage of average portfolio outstanding ⁽²⁾	0.02%	0.24%	0.22%	0.18%	0.12%	0.14%	0.09%

⁽¹⁾ Aggregate losses before vehicle recoveries are reported as gross losses for the calendar month in which the customer defaulted.

⁽²⁾ Aggregate losses after vehicle recoveries are reported as gross losses in the month the customer defaulted less the total recovery amount received in the same month.

Voluntary terminations and PCP handbacks

The following tables show voluntary terminations for PCP contracts in the entire Black Horse portfolio which have similar characteristics to the Provisional Portfolio, specifically New Vehicle or Used Vehicles that are to Customers with an "A" credit score. PCP handbacks are shown for PCP contracts in the entire Black Horse portfolio, including all credit grades, and specifically New Vehicle or Used Vehicles.

Voluntary terminations and PCP handbacks may be influenced by a variety of economic, social, geographic and other factors beyond the control of Black Horse. Historical performance cannot give assurance that performance will remain constant. Please see the risk factor entitled "*Risks relating to the Underlying Assets and the Performance of the Notes – Performance of the Receivables is uncertain*" for more details.

Voluntary terminations are shown as a percentage of the total portfolio with similar characteristics. Over the period shown, the portfolio size increases materially.

Voluntary terminations are calculated based on the aggregate number of terminations at the end of the month expressed as a percentage of the average of the aggregate number of contracts as at the end of each month.

PCP handbacks are calculated based on the aggregate number of vehicles returned and sold at the end of each month expressed as a percentage of the aggregate number of PCP Maturities at the end of each month.

In the following tables, credit losses, voluntary terminations and PCP handback data are calculated using principal balance. Delinquency data is calculated using outstanding balance (principal balance plus interest and any other fees).

Voluntary Terminations

	Nine months ended 30 September		Year ended 31 December				
	2021	2020	2020	2019	2018	2017	2016
Aggregate voluntary terminations before vehicle recoveries (£m) ⁽¹⁾	60.7	110.3	138.3	97.0	40.3	23.4	5.3
Voluntary terminations before vehicle recoveries as a percentage of average portfolio outstanding	1.20%	2.19%	2.05%	1.54%	0.78%	0.55%	0.16%
Aggregate voluntary terminations after vehicle recoveries (£m)	-0.4	10.7	13.0	18.7	5.0	4.5	0.9
Voluntary termination after vehicle recoveries as a percentage of average portfolio outstanding ⁽²⁾	-0.01%	0.21%	0.19%	0.30%	0.10%	0.11%	0.03%

⁽¹⁾ Aggregate voluntary terminations before vehicle recoveries are reported as voluntary terminations in the calendar month in which the customer terminated.

- (2) Aggregate voluntary terminations after vehicle recoveries are reported as voluntary terminations in the month the customer terminated less the total recovery amount received in the same month.

PCP Handback Volumes⁽¹⁾

	Nine months ended 30 September		Year ended 31 December				
	2021	2020	2020	2019	2018	2017	2016
Number of PCP Maturities	110,647	106,333	141,005	117,332	81,217	42,835	16,706
Number of PCP's returned and sold.....	4,658	4,808	7,358	5,473	2,600	703	209
Return Rate	4.21%	4.52%	5.22%	4.66%	3.20%	1.64%	1.25%
Residual Gain/Loss	£2,342,279	£18,839,176	£20,399,610	£11,524,765	£372,759	£353,599	£126,969

(1) PCP handback data is based on the whole PCP portfolio (not Grade A only).

Portfolio Delinquency Experience – Total Personal Contract Purchases (PCP)

As at month ending	Percentage delinquencies (%) ⁽¹⁾			
	31 – 60 Days	61 – 90 Days	91 – 120 Days	120 – 180 Days
31 March 2016.....	0.04	0.04	0.01	0.01
30 June 2016.....	0.05	0.03	0.02	0.03
30 September 2016.....	0.07	0.03	0.02	0.03
31 December 2016.....	0.07	0.04	0.02	0.03
31 March 2017.....	0.07	0.03	0.02	0.03
30 June 2017.....	0.07	0.03	0.02	0.04
30 September 2017.....	0.06	0.04	0.04	0.03
31 December 2017.....	0.08	0.04	0.03	0.03
31 March 2018.....	0.09	0.04	0.03	0.04
30 June 2018.....	0.08	0.04	0.03	0.04
30 September 2018.....	0.08	0.06	0.02	0.03
31 December 2018.....	0.09	0.05	0.04	0.04
31 March 2019.....	0.10	0.05	0.03	0.05
30 June 2019.....	0.10	0.05	0.03	0.05
30 September 2019.....	0.08	0.04	0.03	0.05
31 December 2019.....	0.10	0.06	0.04	0.04
31 March 2020.....	0.11	0.05	0.04	0.05
30 June 2020.....	0.26	0.34	0.25	0.07
30 September 2020.....	0.10	0.07	0.04	0.10
31 December 2020.....	0.12	0.07	0.05	0.04
31 March 2021.....	0.12	0.07	0.05	0.08
30 June 2021.....	0.10	0.07	0.05	0.08
30 September 2021.....	0.10	0.06	0.05	0.07

(1) Delinquencies are calculated based on the outstanding principal balance of the receivables that are delinquent at the end of any given month expressed as a percentage of the aggregate outstanding balance of the Personal Contract Purchases portfolio of that given month.

Vintage Origination Information

Information about the entire Black Horse portfolio which have similar characteristics to the Portfolio originated in prior years is shown in the tables below. The information consists of cumulative gross and net credit losses, voluntary terminations, handbacks and prepayments for contracts originated by Black Horse during the period. It is not certain whether the experience of a particular pool of receivables will be similar to the information shown in the tables for a particular period because the Black Horse origination policies change over time. Despite these differences, the tables are generally comparable to the receivables in the Provisional Portfolio because these changes have not been significant and the origination, underwriting and purchasing policies and servicing policies by Black Horse have been generally consistent over time.

Cumulative Gross Credit Losses (excluding voluntary terminations) by Quarter of Origination⁽¹⁾

		Months after Origination																				
		0	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
2016	Q1	0.00%	0.09%	0.12%	0.18%	0.27%	0.35%	0.41%	0.47%	0.55%	0.63%	0.69%	0.78%	0.89%	0.98%	1.06%	1.09%	1.15%	1.17%	1.21%	1.24%	1.26%
	Q2	0.00%	0.02%	0.08%	0.17%	0.28%	0.39%	0.45%	0.54%	0.65%	0.73%	0.80%	0.90%	1.04%	1.13%	1.27%	1.33%	1.38%	1.46%	1.56%	1.60%	1.62%
	Q3	0.00%	0.02%	0.09%	0.19%	0.24%	0.34%	0.40%	0.47%	0.60%	0.70%	0.78%	0.85%	1.00%	1.14%	1.22%	1.31%	1.40%	1.45%	1.49%	1.52%	1.53%
	Q4	0.00%	0.02%	0.06%	0.15%	0.20%	0.26%	0.33%	0.47%	0.56%	0.66%	0.82%	0.93%	1.07%	1.22%	1.28%	1.40%	1.45%	1.47%	1.53%	1.56%	
2017	Q1	0.00%	0.05%	0.09%	0.16%	0.24%	0.31%	0.39%	0.45%	0.53%	0.60%	0.70%	0.80%	0.98%	1.07%	1.20%	1.30%	1.34%	1.39%	1.45%		
	Q2	0.00%	0.05%	0.11%	0.18%	0.31%	0.37%	0.45%	0.55%	0.70%	0.86%	0.98%	1.12%	1.23%	1.40%	1.54%	1.60%	1.68%	1.72%			
	Q3	0.00%	0.01%	0.05%	0.10%	0.20%	0.24%	0.36%	0.42%	0.58%	0.68%	0.82%	0.91%	1.04%	1.13%	1.24%	1.30%	1.35%				
	Q4	0.00%	0.06%	0.10%	0.18%	0.23%	0.33%	0.42%	0.48%	0.55%	0.59%	0.66%	0.80%	0.95%	1.03%	1.14%	1.23%					
2018	Q1	0.00%	0.05%	0.09%	0.19%	0.28%	0.35%	0.49%	0.58%	0.67%	0.76%	0.84%	0.97%	1.06%	1.12%	1.17%						
	Q2	0.00%	0.02%	0.09%	0.16%	0.23%	0.27%	0.35%	0.48%	0.61%	0.74%	0.86%	0.94%	1.02%	1.07%							
	Q3	0.00%	0.03%	0.10%	0.13%	0.24%	0.30%	0.36%	0.48%	0.61%	0.69%	0.76%	0.83%	0.90%								
	Q4	0.00%	0.04%	0.06%	0.11%	0.17%	0.26%	0.35%	0.49%	0.60%	0.67%	0.74%	0.79%									
2019	Q1	0.00%	0.02%	0.06%	0.11%	0.19%	0.28%	0.37%	0.48%	0.56%	0.63%	0.70%										
	Q2	0.00%	0.02%	0.07%	0.13%	0.21%	0.31%	0.44%	0.51%	0.58%	0.66%											
	Q3	0.00%	0.05%	0.10%	0.18%	0.29%	0.36%	0.42%	0.50%	0.60%												
	Q4	0.00%	0.03%	0.09%	0.17%	0.25%	0.30%	0.34%	0.40%													
2020	Q1	0.00%	0.02%	0.08%	0.15%	0.23%	0.27%	0.33%														
	Q2	0.00%	0.04%	0.12%	0.18%	0.29%	0.38%															
	Q3	0.00%	0.03%	0.06%	0.09%	0.14%																
	Q4	0.00%	0.03%	0.09%	0.16%																	
2021	Q1	0.00%	0.03%	0.06%																		
	Q2	0.00%	0.04%																			
	Q3	0.00%																				

⁽¹⁾ Gross losses in quarter are calculated using the gross losses in months after account origination shown as a percentage of the total advances in that same period.

Cumulative Net Credit Losses (excluding voluntary terminations) by Quarter of Origination⁽¹⁾

		Months after Origination																				
		0	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
2016	Q1	0.00%	0.07%	0.07%	0.10%	0.15%	0.19%	0.22%	0.24%	0.27%	0.30%	0.31%	0.31%	0.36%	0.36%	0.39%	0.36%	0.39%	0.37%	0.38%	0.39%	0.32%
	Q2	0.00%	0.02%	0.04%	0.09%	0.17%	0.23%	0.21%	0.26%	0.32%	0.31%	0.32%	0.36%	0.41%	0.39%	0.44%	0.45%	0.45%	0.45%	0.51%	0.49%	0.38%
	Q3	0.00%	0.01%	0.04%	0.10%	0.11%	0.19%	0.18%	0.21%	0.31%	0.32%	0.35%	0.38%	0.44%	0.48%	0.48%	0.51%	0.45%	0.44%	0.46%	0.45%	0.42%
	Q4	0.00%	0.01%	0.04%	0.11%	0.10%	0.14%	0.18%	0.21%	0.26%	0.32%	0.39%	0.44%	0.47%	0.50%	0.50%	0.54%	0.53%	0.50%	0.51%	0.50%	
2017	Q1	0.00%	0.02%	0.03%	0.08%	0.11%	0.13%	0.16%	0.19%	0.19%	0.23%	0.29%	0.34%	0.40%	0.41%	0.44%	0.45%	0.39%	0.38%	0.41%		
	Q2	0.00%	0.02%	0.05%	0.08%	0.13%	0.16%	0.17%	0.22%	0.29%	0.40%	0.42%	0.44%	0.47%	0.49%	0.55%	0.54%	0.49%	0.48%			
	Q3	0.00%	0.01%	0.03%	0.06%	0.11%	0.10%	0.17%	0.18%	0.25%	0.28%	0.33%	0.39%	0.42%	0.45%	0.44%	0.43%	0.40%				
	Q4	0.00%	0.03%	0.04%	0.09%	0.09%	0.17%	0.23%	0.21%	0.22%	0.24%	0.29%	0.35%	0.38%	0.40%	0.44%	0.44%					
2018	Q1	0.00%	0.03%	0.04%	0.10%	0.13%	0.15%	0.21%	0.26%	0.29%	0.35%	0.37%	0.44%	0.46%	0.42%	0.44%						
	Q2	0.00%	0.01%	0.05%	0.07%	0.11%	0.12%	0.14%	0.22%	0.32%	0.40%	0.45%	0.48%	0.44%	0.43%							
	Q3	0.00%	0.01%	0.06%	0.07%	0.13%	0.15%	0.12%	0.21%	0.28%	0.31%	0.32%	0.31%	0.30%								
	Q4	0.00%	0.03%	0.04%	0.07%	0.12%	0.17%	0.20%	0.28%	0.32%	0.33%	0.30%	0.29%									
2019	Q1	0.00%	0.02%	0.03%	0.05%	0.12%	0.18%	0.24%	0.29%	0.32%	0.32%	0.32%										
	Q2	0.00%	0.02%	0.05%	0.08%	0.14%	0.20%	0.29%	0.29%	0.32%	0.32%											
	Q3	0.00%	0.03%	0.07%	0.13%	0.17%	0.21%	0.23%	0.25%	0.30%												
	Q4	0.00%	0.03%	0.08%	0.11%	0.14%	0.16%	0.18%	0.19%													
2020	Q1	0.00%	0.02%	0.04%	0.07%	0.12%	0.13%	0.14%														
	Q2	0.00%	0.02%	0.07%	0.05%	0.11%	0.12%															
	Q3	0.00%	0.02%	0.03%	0.03%	0.05%																
	Q4	0.00%	0.02%	0.05%	0.11%																	
2021	Q1	0.00%	0.01%	0.02%																		
	Q2	0.00%	0.03%																			
	Q3	0.00%																				

⁽¹⁾ Net losses in quarter are calculated using the gross losses in months after account origination, less recoveries received in months after account origination, shown as a percentage of the total advances in that same period.

Cumulative Gross Voluntary Terminations by Quarter of Origination⁽¹⁾

		Months after Origination																				
		0	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
2016	Q1	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.03%	0.04%	0.07%	0.17%	0.30%	0.63%	1.46%	2.18%	2.84%	3.50%	3.95%	3.98%	4.01%	4.01%	4.01%
	Q2	0.00%	0.00%	0.00%	0.01%	0.03%	0.06%	0.07%	0.08%	0.12%	0.18%	0.33%	0.75%	1.79%	2.70%	3.56%	4.29%	4.78%	5.10%	5.18%	5.18%	5.18%
	Q3	0.00%	0.00%	0.00%	0.01%	0.01%	0.02%	0.04%	0.06%	0.13%	0.20%	0.34%	0.96%	2.49%	3.65%	4.42%	4.94%	6.10%	6.23%	6.27%	6.27%	6.28%
	Q4	0.00%	0.00%	0.03%	0.03%	0.04%	0.05%	0.06%	0.07%	0.10%	0.15%	0.49%	1.21%	2.91%	3.90%	4.52%	5.89%	6.51%	6.57%	6.59%	6.59%	
2017	Q1	0.00%	0.01%	0.02%	0.02%	0.04%	0.08%	0.10%	0.14%	0.16%	0.29%	0.58%	1.43%	2.99%	3.81%	5.19%	6.02%	6.59%	6.68%	6.69%		
	Q2	0.00%	0.00%	0.01%	0.01%	0.03%	0.03%	0.07%	0.11%	0.19%	0.30%	0.62%	1.39%	2.36%	4.09%	5.07%	5.96%	6.68%	6.75%			
	Q3	0.00%	0.00%	0.01%	0.04%	0.05%	0.07%	0.09%	0.11%	0.19%	0.32%	0.64%	1.15%	3.22%	4.28%	5.18%	5.96%	6.26%				
	Q4	0.00%	0.00%	0.00%	0.02%	0.02%	0.03%	0.06%	0.09%	0.15%	0.26%	0.39%	1.20%	2.60%	3.42%	4.23%	4.58%					
2018	Q1	0.00%	0.00%	0.00%	0.01%	0.01%	0.04%	0.08%	0.12%	0.16%	0.25%	0.51%	0.81%	1.71%	2.36%	2.60%						
	Q2	0.00%	0.00%	0.00%	0.01%	0.02%	0.03%	0.05%	0.09%	0.12%	0.23%	0.42%	0.79%	1.45%	1.69%							
	Q3	0.00%	0.00%	0.01%	0.02%	0.05%	0.10%	0.14%	0.15%	0.26%	0.35%	0.56%	0.79%	1.04%								
	Q4	0.00%	0.00%	0.01%	0.02%	0.04%	0.07%	0.08%	0.14%	0.21%	0.29%	0.46%	0.59%									
2019	Q1	0.00%	0.00%	0.01%	0.03%	0.03%	0.04%	0.10%	0.15%	0.22%	0.29%	0.34%										
	Q2	0.00%	0.00%	0.00%	0.02%	0.02%	0.03%	0.07%	0.09%	0.14%	0.17%											
	Q3	0.00%	0.02%	0.04%	0.04%	0.05%	0.07%	0.10%	0.14%	0.17%												
	Q4	0.00%	0.00%	0.01%	0.01%	0.03%	0.06%	0.06%	0.06%													
2020	Q1	0.00%	0.00%	0.02%	0.02%	0.04%	0.06%	0.08%														
	Q2	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%															
	Q3	0.00%	0.00%	0.00%	0.01%	0.01%																
	Q4	0.00%	0.00%	0.00%	0.00%																	
2021	Q1	0.00%	0.00%	0.01%																		
	Q2	0.00%	0.00%																			
	Q3	0.00%																				

⁽¹⁾ Voluntary terminations in the quarter are calculated using the amount of voluntary terminations in the months received after account origination shown as a percentage of the advances in that same period.

Cumulative Voluntary Terminations (net of recoveries) by Quarter of Origination⁽¹⁾

		Months after Origination																				
		0	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
2016	Q1	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.02%	0.03%	0.05%	0.06%	0.14%	0.38%	0.51%	0.54%	0.60%	0.63%	0.54%	0.54%	0.53%	0.53%
	Q2	0.00%	0.00%	0.00%	0.01%	0.02%	0.03%	0.02%	0.02%	0.04%	0.05%	0.09%	0.22%	0.51%	0.59%	0.73%	0.85%	0.82%	0.75%	0.75%	0.75%	0.75%
	Q3	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%	0.02%	0.05%	0.06%	0.10%	0.28%	0.67%	0.70%	0.82%	0.81%	0.85%	0.82%	0.80%	0.80%	0.81%
	Q4	0.00%	0.00%	0.01%	0.01%	0.01%	0.02%	0.01%	0.02%	0.02%	0.03%	0.20%	0.38%	0.68%	0.78%	0.84%	1.02%	0.89%	0.87%	0.87%	0.87%	0.87%
2017	Q1	0.00%	0.00%	0.02%	0.01%	0.01%	0.05%	0.03%	0.05%	0.05%	0.08%	0.16%	0.41%	0.88%	0.76%	0.82%	0.86%	0.83%	0.83%	0.83%		
	Q2	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.03%	0.04%	0.05%	0.09%	0.17%	0.46%	0.60%	0.73%	0.68%	0.84%	0.77%	0.75%			
	Q3	0.00%	0.00%	0.01%	0.02%	0.03%	0.03%	0.04%	0.04%	0.05%	0.07%	0.20%	0.32%	0.58%	0.59%	0.63%	0.62%	0.57%				
	Q4	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%	0.03%	0.04%	0.09%	0.11%	0.24%	0.39%	0.41%	0.44%	0.40%					
2018	Q1	0.00%	0.00%	0.00%	0.01%	0.01%	0.03%	0.03%	0.05%	0.06%	0.08%	0.11%	0.15%	0.28%	0.23%	0.20%						
	Q2	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.02%	0.03%	0.05%	0.06%	0.14%	0.15%	0.09%							
	Q3	0.00%	0.00%	0.01%	0.01%	0.02%	0.04%	0.05%	0.04%	0.07%	0.06%	0.11%	0.11%	0.10%								
	Q4	0.00%	0.00%	0.00%	0.01%	0.01%	0.02%	0.01%	0.05%	0.05%	0.06%	0.07%	0.08%									
2019	Q1	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.04%	0.04%	0.05%	0.05%	0.04%										
	Q2	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.02%	0.03%	0.03%	0.03%											
	Q3	0.00%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.03%	0.03%												
	Q4	0.00%	0.00%	0.01%	0.00%	0.01%	0.02%	0.01%	0.01%													
2020	Q1	0.00%	0.00%	0.01%	0.01%	0.01%	0.02%	0.02%														
	Q2	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%															
	Q3	0.00%	0.00%	0.00%	0.00%	0.01%																
	Q4	0.00%	0.00%	0.00%	0.00%																	
2021	Q1	0.00%	0.00%	0.00%																		
	Q2	0.00%	0.00%																			
	Q3	0.00%																				

⁽¹⁾ Voluntary terminations (net of recoveries) in the quarter are calculated using the amount of voluntary terminations, after deducting Recoveries from the sale of the returned vehicle, in the months received after account origination shown as a percentage of the advances in that same period.

Handback volumes by Quarter of Handback of the vehicle on whole Black Horse book

Quarter	Quarterly Return Rate⁽¹⁾	Quarterly P&L as % of GFV⁽²⁾
Q1 2016	0.96%	24.03%
Q2 2016	1.07%	8.24%
Q3 2016	1.02%	2.80%
Q4 2016	1.78%	9.08%
Q1 2017	1.08%	5.63%
Q2 2017	1.46%	7.08%
Q3 2017	2.15%	6.95%
Q4 2017	1.80%	1.77%
Q1 2018	1.33%	-0.36%
Q2 2018	2.66%	0.33%
Q3 2018	3.07%	0.57%
Q4 2018	5.02%	-1.85%
Q1 2019	2.64%	-4.00%
Q2 2019	3.33%	-5.41%
Q3 2019	6.24%	-9.42%
Q4 2019	6.22%	-11.70%
Q1 2020	7.70%	-20.75%
Q2 2020	1.44%	-11.93%
Q3 2020	5.51%	-5.35%
Q4 2020	7.35%	-2.92%
Q1 2021	4.77%	-11.01%
Q2 2021	5.32%	-0.83%
Q3 2021	2.41%	12.69%

⁽¹⁾ For each quarter, the aggregate number of vehicles returned at the end of the PCP contract (purchase option not exercised by the customer) as a percentage of all vehicles eligible for handback in that quarter.

⁽²⁾ The profit (positive number) or loss (negative number) for all vehicles returned in each quarter based on the sale price of the returned vehicles as a percentage of the aggregate Guaranteed Future Value ("GFV") for those vehicles.

Prepayments⁽¹⁾

Period	Monthly %	Annualised %
Jan 2016.....	1.07%	12.09%
Feb 2016.....	1.29%	14.42%
Mar 2016.....	1.82%	19.75%
Apr 2016.....	1.55%	17.06%
May 2016.....	1.25%	14.00%
Jun 2016.....	1.30%	14.57%
Jul 2016.....	1.25%	14.00%
Aug 2016.....	1.24%	13.91%
Sep 2016.....	1.77%	19.24%
Oct 2016.....	1.44%	15.94%
Nov 2016.....	1.50%	16.54%
Dec 2016.....	1.32%	14.77%
Jan 2017.....	1.43%	15.88%
Feb 2017.....	1.60%	17.61%
Mar 2017.....	2.66%	27.67%
Apr 2017.....	1.70%	18.57%
May 2017.....	1.63%	17.90%
Jun 2017.....	1.48%	16.40%
Jul 2017.....	1.41%	15.68%
Aug 2017.....	1.39%	15.50%
Sep 2017.....	1.88%	20.39%
Oct 2017.....	1.69%	18.55%
Nov 2017.....	1.53%	16.91%
Dec 2017.....	1.41%	15.63%
Jan 2018.....	1.48%	16.35%
Feb 2018.....	1.57%	17.32%
Mar 2018.....	2.23%	23.69%
Apr 2018.....	1.84%	19.97%
May 2018.....	1.74%	19.01%
Jun 2018.....	1.59%	17.52%
Jul 2018.....	1.55%	17.05%
Aug 2018.....	1.48%	16.42%
Sep 2018.....	1.93%	20.88%
Oct 2018.....	1.86%	20.13%
Nov 2018.....	1.57%	17.33%

Period	Monthly %	Annualised %
Dec 2018.....	1.23%	13.78%
Jan 2019.....	1.48%	16.43%
Feb 2019.....	1.48%	16.43%
Mar 2019.....	2.09%	22.34%
Apr 2019.....	1.61%	17.70%
May 2019.....	1.45%	16.06%
Jun 2019.....	1.21%	13.56%
Jul 2019.....	1.35%	15.01%
Aug 2019.....	1.14%	12.81%
Sep 2019.....	1.56%	17.20%
Oct 2019.....	1.57%	17.26%
Nov 2019.....	1.22%	13.72%
Dec 2019.....	1.15%	12.97%
Jan 2020.....	1.26%	14.14%
Feb 2020.....	1.38%	15.38%
Mar 2020.....	1.82%	19.80%
Apr 2020.....	0.39%	4.59%
May 2020.....	0.45%	5.32%
Jun 2020.....	1.11%	12.53%
Jul 2020.....	1.65%	18.07%
Aug 2020.....	1.38%	15.39%
Sep 2020.....	2.01%	21.64%
Oct 2020.....	1.71%	18.74%
Nov 2020.....	1.30%	14.56%
Dec 2020.....	1.27%	14.26%
Jan 2021.....	1.16%	13.03%
Feb 2021.....	1.36%	15.12%
Mar 2021.....	2.28%	24.21%
Apr 2021.....	1.73%	18.86%
May 2021.....	1.67%	18.27%
Jun 2021.....	1.94%	20.96%
Jul 2021.....	1.95%	21.02%
Aug 2021.....	2.00%	21.53%
Sep 2021.....	2.87%	29.52%
Oct 2021.....	2.64%	27.48%
Nov 2021.....	2.55%	26.69%

⁽¹⁾ The value of contracts to Grade A customers in Black Horse book subject to early settlement/pre-completion payments in each month as a percentage of the capital balance of all outstanding contracts at the start of the month.

THE PROVISIONAL PORTFOLIO

General

Information contained in this section is based on a provisional portfolio of Receivables as at 7 December 2021.

The Provisional Portfolio is comprised of Receivables originated by the Seller. The final Portfolio will be selected from the Provisional Portfolio subject to, among other things, subsequent repayments, redemptions or changes in eligibility, and is expected to be purchased by the Issuer on the Closing Date. All Receivables in the Provisional Portfolio are derived from Receivable Agreements.

The Purchased Receivables which comprise the Portfolio will be purchased by the Issuer from Black Horse as Seller pursuant to the terms of the Receivables Sale Deed to be entered into on the Closing Date. The information contained in this section relates to the Receivables which will satisfy the Eligibility Criteria as at the Closing Date, on which date the Purchased Receivables which comprise the Portfolio will be transferred by the Seller.

The Receivables

The Receivables that will be sold to the Issuer by the Seller arise under a pool of Receivable Agreements originated in England and Wales for the sale of Vehicles. On the Closing Date, Black Horse will sell the Receivables, together with the Ancillary Rights and the Vehicle Proceeds arising under such Receivables. The sale of the Receivables will be completed under the Receivables Sale Deed described in "*Principal Transaction Documents – Receivables Sale Deed*".

The Issuer's assets will be:

- the Purchased Receivables and Collections on the Purchased Receivables applied after the relevant Cut-Off Date;
- proceeds of the sale of Financed Vehicles in respect of which the Customer has not paid the Optional Final Payment or which have been returned to the Seller for any other reason;
- rights under the Purchased Receivable Agreements;
- proceeds from claims on insurance policies covering the Financed Vehicles or the Customers;
- rights under the Collection Account Trust;
- rights in the Issuer Accounts; and
- rights under the Transaction Documents.

The Receivables sold to the Issuer will not include the portion of the amount outstanding which relates to any amount paid by a Customer and applied on or before the relevant Cut-Off Date.

The Receivables comprise full recourse claims against Customers in respect of payments due under Receivable Agreements for the provision of credit for the purchase of Vehicles.

Although the Customer is the registered keeper of the Vehicle, Black Horse retains title to the Vehicles. The Receivable Agreements contain provisions entitling, but not obliging, the Customer to purchase the Vehicle at the end of the hire period, normally on payment of a specified purchase fee.

The Receivable Agreements are governed by English law and take the form of personal contract purchase agreements between Black Horse and Customers.

Selection of Receivables

The Receivables were selected by Black Horse from its portfolio of retail Receivable Agreements that meet the Eligibility Criteria using selection procedures that Black Horse believes not to be adverse to Noteholders. The Eligibility Criteria include that:

1. as at the Cut-Off Date:
 - (a) each Receivable:
 - (i) has been randomly selected from a pool of eligible loans;
 - (ii) relates to a New Vehicle or Used Vehicle;
 - (iii) arises under a Receivable Agreement designed as a fixed rate personal contract purchase agreement;
 - (iv) is denominated and payable in Sterling;
 - (v) is not a Defaulted Receivable, a PCP Handback Receivable or a VT Receivable;
 - (vi) has an Outstanding Principal Balance of not less than £1,000 or greater than £80,000;
 - (vii) is not a Delinquent Receivable;
 - (viii) has had at least three monthly payments made in respect of it by the Customer;
 - (ix) is not a Receivable Agreement in respect of which insurance products have been sold or financed;
 - (x) does not have an annual percentage rate of the total charge for credit (APR) in excess of 25%;
 - (xi) has a credit score of "A" in accordance with the Seller's Credit and Collection Procedures;
 - (xii) is freely transferable by the Seller;
 - (xiii) is a Receivable in respect of which no withholding taxes are applicable to any payments made under the relevant Receivable Agreement;
 - (xiv) is a Receivable in respect of which no stamp duty or other stamp taxes are payable in connection with the assignment and transfer of that Receivable or its Ancillary Rights to the Issuer;
 - (xv) is a Receivable in respect of which the Seller's interest in relation to the Related Vehicle is registered with a nationally recognised agency that regulates and records interests in vehicles (including Car Data Register);
 - (xvi) is not classified on the Seller's systems or identified in its records as "Refer to File" indicating that it falls into one or more specified categories which, for example, indicates quality disputes, modified agreements, voluntary terminations, insurance claim pending, cast doubt on the creditworthiness of the Customer, such as where fraud is suspected or legal proceedings have been commenced;
 - (xvii) is due from a Customer who does not have a credit assessment indicating, based on the originator's underwriting policy, a significant risk that contractually agreed payments will not be made;
 - (xviii) has a remaining term of not less than six months; and
 - (xix) is not currently, nor has it since its origination, been subject to a COVID-19 related payment holiday or any change to the date on which monthly payments are due in respect of it;

2. as at the relevant origination date, in respect of each Receivable, the Related Receivable Agreement:
- (a) is due from a Customer who:
 - (i) was resident in England or Wales;
 - (ii) was not insolvent or bankrupt and no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction against it (to the best knowledge of the originator); and
 - (iii) has not had a county court judgment entered or awarded against him on or in the three years prior to the date of origination of the relevant Receivable.
 - (b) was originated at point of sale, and not by direct lending;
 - (c) has been entered into with a Customer that is an individual;
 - (d) was originated on or after 1 January 2019;
 - (e) did not have a loan-to-value ratio of over 100%;
 - (f) had a term of not more than 50 months;
 - (g) had a term of not less than twelve months; and
 - (h) provided for an interest rate of not less than 3% per annum; and
3. on each date on which a Variation is agreed in respect of a Purchased Receivable, the Variation is not a Non-Permitted Variation.

As a consequence of the Eligibility Criteria being applied to the Seller's wider portfolio, no Receivables that, as of the relevant Cut-Off Date, had undergone a debt restructuring process as a result of delinquencies were or will be selected for the Portfolio.

Composition of the Receivables

The following tables show the characteristics and distributions of some pool characteristics of the Provisional Portfolio as at 7 December 2021. The percentages in the following tables may not sum to 100% due to rounding.

Summary of the Provisional Portfolio as at 7 December 2021

Number of Receivable Agreements.....	24,753
Total current Outstanding Principal Balance.....	£665,220,806
Average current Outstanding Principal Balance.....	£26,874
Minimum current Outstanding Principal Balance.....	£2,842
Maximum current Outstanding Principal Balance.....	£79,423
Weighted Average APR.....	5.88%
Minimum APR.....	3.06%
Maximum APR.....	15.72%
Weighted Average Scheduled Remaining Term (months).....	29.88
Minimum Scheduled Remaining Term (months).....	6
Maximum Scheduled Remaining Term (months).....	42
Latest Maturity Date.....	15/05/2025
Minimum Original Maturity (months).....	18
Maximum Original Maturity (months).....	49
Weighted Average Seasoning (months).....	16.51
Receivable Agreements paying by Direct Debit.....	24,724
Outstanding Principal Balance of Direct Debit Agreements.....	£664,376,917

Area Analysis

Black Horse originates vehicle personal contract business through a network of dealers which gives it a broad geographic spread of business throughout the UK. The table below shows the geographic distribution of the Provisional Portfolio.

Geographical Region	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Greater London.....	94,006,172	3,141	14.1	12.7
South East.....	165,787,120	5,883	24.9	23.8
South West.....	57,806,079	2,310	8.7	9.3
East Anglia.....	24,493,621	916	3.7	3.7
East Midlands.....	45,109,605	1,660	6.8	6.7
West Midlands.....	70,450,089	2,582	10.6	10.4
Northern England.....	40,763,788	1,646	6.1	6.7
North West.....	80,025,638	3,250	12.0	13.1
Yorkshire & Humberside.....	61,515,365	2,336	9.3	9.4
Wales.....	25,263,328	1,029	3.8	4.2
Other.....	-	-	0.0	0.0
Total.....	665,220,806	24,753	100.0	100.0

Distribution by Annual Yield

APR Range	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Interest Free.....	0	0	-	-
0.00% – 0.99%.....	0	0	-	-
1.00% – 1.99%.....	0	0	-	-
2.00% – 2.99%.....	0	0	-	-
3.00% – 3.99%.....	137,511,048	4,404	20.7	17.8
4.00% – 4.99%.....	172,042,445	5,400	25.9	21.8
5.00% – 5.99%.....	165,347,785	4,297	24.9	17.4
6.00% – 6.99%.....	44,874,113	1,975	6.8	8.0
7.00% – 7.99%.....	36,498,029	1,712	5.5	6.9
8.00% – 8.99%.....	35,648,522	2,182	5.4	8.8
9.00% – 9.99%.....	36,791,491	2,703	5.5	10.9
10.00% – 10.99%.....	31,575,418	1,621	4.8	6.6
11.00% – 11.99%.....	2,378,643	205	0.4	0.8
12.00% – 12.99%.....	2,025,843	193	0.3	0.8
13.00% – 13.99%.....	493,473	56	0.1	0.2
14.00% – 14.99%.....	20,608	3	-	0.0
15.00% – 15.99%.....	13,388	2	-	0.0
Total.....	665,220,806	24,753	100.0	100.0

Distribution by Month of Origination

Month of Origination	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Jan-19.....	440,981	10	0.1	0.0
Feb-19.....	186,143	5	0.0	0.0
Mar-19.....	1,430,909	26	0.2	0.1
Apr-19.....	652,848	17	0.1	0.1
May-19.....	739,598	19	0.1	0.1
Jun-19.....	2,400,904	75	0.4	0.3
Jul-19.....	10,564,583	432	1.6	1.8
Aug-19.....	9,231,601	401	1.4	1.6
Sep-19.....	36,339,254	1,284	5.5	5.2
Oct-19.....	26,270,247	1,122	4.0	4.5
Nov-19.....	28,016,657	1,164	4.2	4.7
Dec-19.....	28,808,057	1,121	4.3	4.5
Jan-20.....	25,290,190	1,098	3.8	4.4
Feb-20.....	21,331,142	951	3.2	3.8
Mar-20.....	57,126,487	2,039	8.6	8.2
Apr-20.....	1,397,592	43	0.2	0.2

The Provisional Portfolio

May-20.....	6,706,731	251	1.0	1.0
Jun-20	34,534,990	1,317	5.2	5.3
Jul-20	40,377,435	1,475	6.1	6.0
Aug-20	25,490,214	1,137	3.8	4.6
Sep-20	63,569,411	2,249	9.6	9.1
Oct-20	37,184,730	1,437	5.6	5.8
Nov-20	26,671,453	980	4.0	4.0
Dec-20	30,337,004	1,087	4.6	4.4
Jan-21.....	24,831,629	954	3.7	3.9
Feb-21	20,205,926	844	3.0	3.4
Mar-21	90,193,385	2,699	13.6	10.9
Apr-21	14,890,703	516	2.2	2.1
Total	665,220,806	24,753	100.0	100.0

Distribution by Term at Origination

Original Term	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
0 - 12 Months.....	0	0	0.0	0.0
13 - 24 Months.....	1,898,151	57	0.3	0.2
25 - 36 Months.....	38,945,545	1,561	5.9	6.3
37 - 48 Months.....	177,114,814	7,454	26.6	30.1
49 - 60 Months.....	447,262,296	15,681	67.2	63.4
Total	665,220,806	24,753	100.0	100.0

Distribution by Elapsed Term

Elapsed Term	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
0 - 12 Months.....	200,865,393	6,839	30.2	27.6
13 - 24 Months.....	371,957,642	14,337	55.9	57.9
25 - 36 Months.....	92,397,770	3,577	13.9	14.5
Total	665,220,806	24,753	100.0	100.0

Distribution by Remaining Term

Remaining Term	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
0 - 12 Months.....	23,109,059	874	3.5	3.5
13 - 24 Months.....	147,490,266	5,719	22.2	23.1
25 - 36 Months.....	337,471,598	12,896	50.7	52.1
37 - 48 Months.....	157,149,883	5,264	23.6	21.3
Total	665,220,806	24,753	100.0	100.0

Distribution by original principal balance

Original principal balance	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Less than £5,000.00	93,285	25	0.0	0.1
£5,000.00 - £9,999.99.....	11,359,188	1,708	1.7	6.9
£10,000.00 - £14,999.99.....	26,630,167	2,568	4.0	10.4
£15,000.00 - £19,999.99.....	33,936,426	2,320	5.1	9.4
£20,000.00 - £24,999.99.....	38,591,930	2,021	5.8	8.2
£25,000.00 - £29,999.99.....	53,141,657	2,261	8.0	9.1
£30,000.00 - £34,999.99.....	100,911,372	3,652	15.2	14.8
£35,000.00 - £39,999.99.....	120,537,544	3,835	18.1	15.5

The Provisional Portfolio

£40,000.00 – £44,999.99.....	82,873,480	2,332	12.5	9.4
£45,000.00 – £49,999.99.....	50,205,597	1,253	7.6	5.1
£50,000.00 – £54,999.99.....	33,659,068	756	5.1	3.1
£55,000.00 – £59,999.99.....	27,250,628	558	4.1	2.3
£60,000.00 – £64,999.99.....	22,747,582	432	3.4	1.8
£65,000.00 – £69,999.99.....	20,298,830	358	3.1	1.5
£70,000.00 – £74,999.99.....	13,712,972	228	2.1	0.9
£75,000.00 – £79,999.99.....	10,885,756	170	1.6	0.7
£80,000.00 – £84,999.99.....	6,906,342	103	1.0	0.4
£85,000.00 – £89,999.99.....	5,048,904	76	0.8	0.3
£90,000.00 – £94,999.99.....	3,093,909	47	0.5	0.2
£95,000.00 – £99,999.99.....	1,909,408	29	0.3	0.1
£100,000.00 & above.....	1,426,760	21	0.2	0.1
Total.....	665,220,806	24,753	100.0	100.0

Distribution by Outstanding Principal Balance

Outstanding Principal Balance	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Less than £5,000.00	939,112	214	0.1	0.9
£5,000.00 – £9,999.99.....	20,173,414	2,615	3.0	10.6
£10,000.00 – £14,999.99.....	35,840,712	2,878	5.4	11.6
£15,000.00 – £19,999.99.....	42,237,175	2,423	6.4	9.8
£20,000.00 – £24,999.99.....	61,697,024	2,719	9.3	11.0
£25,000.00 – £29,999.99.....	119,833,643	4,341	18.0	17.5
£30,000.00 – £34,999.99.....	128,285,716	3,969	19.3	16.0
£35,000.00 – £39,999.99.....	77,664,330	2,085	11.7	8.4
£40,000.00 – £44,999.99.....	47,090,787	1,114	7.1	4.5
£45,000.00 – £49,999.99.....	39,527,346	835	5.9	3.4
£50,000.00 – £54,999.99.....	28,929,013	552	4.4	2.2
£55,000.00 – £59,999.99.....	22,902,280	400	3.4	1.6
£60,000.00 – £64,999.99.....	19,346,914	310	2.9	1.3
£65,000.00 – £69,999.99.....	11,446,583	170	1.7	0.7
£70,000.00 – £74,999.99.....	8,239,284	114	1.2	0.5
£75,000.00 – £79,999.99.....	1,067,473	14	0.2	0.1
Total.....	665,220,806	24,753	100.0	100.0

Distribution by Fuel Type

Fuel Type	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Petrol	173,235,441	8,287	26.0	33.5
Diesel.....	433,524,762	14,919	65.2	60.3
Petrol/LPG.....	11,604	1	0.0	0.0
Electric.....	28,598,429	837	4.3	3.4
Petrol / Electric Hybrid.....	1,136,284	83	0.2	0.3
Petrol / Plug-In Electric Hybrid .	28,557,352	617	4.3	2.5
Diesel / Electric Hybrid	92,138	6	0.0	0.0
Diesel / Plug-In Electric Hybrid.	64,797	3	0.0	0.0
Total.....	665,220,806	24,753	100.0	100.0

PCP Quarter of Maturity Distribution

PCP Quarter of Maturity	Current Outstanding Balance (£)	Percentage Distribution by Balance (%)	Number of Underlying Agreements	Percentage Distribution by number (%)
Q2 2022	1,134,433	0.2	37	0.1
Q3 2022	7,814,635	1.2	293	1.2
Q4 2022	18,992,989	2.9	724	2.9
Q1 2023	18,690,804	2.8	724	2.9
Q2 2023	17,300,386	2.6	594	2.4
Q3 2023	39,357,163	5.9	1,594	6.4

The Provisional Portfolio

Q4 2023	90,206,406	13.6	3,541	14.3
Q1 2024	78,587,520	11.8	3,213	13.0
Q2 2024	67,206,926	10.1	2,420	9.8
Q3 2024	83,908,722	12.6	3,269	13.2
Q4 2024	101,444,886	15.2	3,699	14.9
Q1 2025	66,012,064	9.9	2,434	9.8
Q2 2025	74,563,871	11.2	2,211	8.9
Total	665,220,806	100.0	24,753	100.0

Optional Final Payment as a percentage of original Outstanding Principal Balance

Percentage of original Outstanding Principal Balance	Current Outstanding Balance (£)	Percentage Distribution by Balance (%)	Number of Underlying Agreements	Percentage Distribution by number (%)
0.0000% – 9.999%	93,185	0.0	6	0.0
10.000% – 19.999%	51,892	0.0	8	0.0
20.000% – 29.999%	2,645,284	0.4	226	0.9
30.000% – 39.999%	34,885,161	5.2	2,179	8.8
40.000% – 49.999%	191,280,673	28.8	7,573	30.6
50.000% – 59.999%	262,666,733	39.5	8,791	35.5
60.000% – 69.999%	111,560,960	16.8	3,780	15.3
70.000% – 79.999%	37,155,435	5.6	1,307	5.3
80.000% – 89.999%	14,882,742	2.2	524	2.1
90.000% – 99.999%	9,591,449	1.4	343	1.4
100%	407,293	0.1	16	0.1
Total	665,220,806	100.0	24,753	100.0

Obligor Concentration – Top Twenty

	Outstanding Principal Balance (£)	Percentage Distribution by Balance (%)
Obligor 1	115,695	0.017
Obligor 2	106,196	0.016
Obligor 3	105,514	0.016
Obligor 4	103,947	0.016
Obligor 5	103,168	0.016
Obligor 6	102,416	0.015
Obligor 7	101,478	0.015
Obligor 8	100,806	0.015
Obligor 9	98,503	0.015
Obligor 10	95,167	0.014
Obligor 11	94,369	0.014
Obligor 12	90,359	0.014
Obligor 13	87,236	0.013
Obligor 14	87,158	0.013
Obligor 15	85,189	0.013
Obligor 16	82,359	0.012
Obligor 17	82,221	0.012
Obligor 18	79,423	0.012
Obligor 19	77,094	0.012
Obligor 20	77,023	0.012
Total	1,875,321	0.282

Optional Final Payment by Contract Type

Contract Type	Outstanding Principal Balance (£)	Percentage Distribution by number (%)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Optional Final Payment Balance (£)	Optional Final Payment percentage of Total (%)
PCP	665,220,806	100.0	24,753	100.0	432,467,954	65.0
Total	665,220,806	100.0	24,753	100.0	432,467,954	65.0

Distribution by Vehicle Manufacturer – Top Twenty

Vehicle Manufacturer	Outstanding Principal Balance (£)	Number of Receivable Agreements	Percentage Distribution by Balance (%)	Percentage Distribution by number (%)
Land Rover	416,221,704	11,921	62.6	48.2
Jaguar.....	127,979,095	4,546	19.2	18.4
Mercedes-Benz	32,208,629	1,718	4.8	6.9
Tesla	20,980,447	644	3.2	2.6
Ford	14,236,849	1,329	2.1	5.4
BMW	10,321,826	598	1.6	2.4
Audi.....	5,050,987	311	0.8	1.3
Kia	4,715,329	423	0.7	1.7
Volkswagen	3,688,304	298	0.6	1.2
Vauxhall	3,547,560	432	0.5	1.8
Hyundai	3,425,626	331	0.5	1.3
Renault.....	2,948,831	311	0.4	1.3
Nissan	2,855,951	272	0.4	1.1
Fiat.....	2,035,004	278	0.3	1.1
Peugeot.....	1,936,453	192	0.3	0.8
Volvo	1,621,337	90	0.2	0.4
Seat	1,510,214	147	0.2	0.6
Mazda	1,400,315	118	0.2	0.5
Mini	1,387,729	124	0.2	0.5
Citroen	1,331,368	165	0.2	0.7
Other.....	5,817,249	505	0.9	2.0
Total.....	665,220,806	24,753	100.0	100.0

Environmental performance

The administrative records of the Seller do not contain any information related to the environmental performance of the Receivables.

Type of assets in the Provisional Portfolio

The Provisional Portfolio is comprised solely of automotive personal contract purchase agreements originated by Black Horse Limited and regulated under the CCA. Monthly payments are required to be made under the automotive personal contract purchase agreements and such obligations constitute direct obligations of the Customers.

THE ACCOUNT BANK, COLLECTION ACCOUNT BANK, BACK-UP FACILITATOR AND SWAP GUARANTOR

Lloyds Bank plc ("**Lloyds Bank**") was incorporated under the laws of England and Wales on April 20, 1865 (registration number 2065). Lloyds Bank's registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom. Lloyds Bank is authorised by the PRA and regulated by the FCA and the PRA. Lloyds Bank (together with its subsidiary and associated undertakings, "Lloyds Bank Group") is a wholly owned subsidiary of Lloyds Banking Group plc.

Lloyds Bank Group provides a wide range of banking and financial services in the UK and in certain locations overseas. As at 30 June 2021, Lloyds Bank Group's activities were organised into two financial reporting segments: Retail and Commercial Banking.

Retail offers a broad range of financial service products, including current accounts, savings, mortgages, motor finance and unsecured consumer lending to personal and small business customers.

Commercial Banking provides clients with a range of products and services such as lending, transaction banking, working capital management, risk management and debt capital markets services to SMEs, corporates and financial institutions.

Additional information on Lloyds Bank Group is available from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN or from the following internet website address: <http://www.lloydsbankinggroup.com>. The information on this website does not form part of this Prospectus.

**THE TRUSTEE AND SECURITY TRUSTEE AND
THE PRINCIPAL PAYING AGENT AND REGISTRAR**

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited is part of the worldwide Corporate Trust business of the U.S. Bancorp group.

Elavon Financial Services DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch in London at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the FCA and PRA.

In Europe, the Corporate Trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entities through which Corporate Trust banking and agency appointments are conducted) and U.S. Bank National Association, (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate Trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The Corporate Trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 US-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com. This website does not form part of this Prospectus.

THE ISSUER

The Issuer was incorporated in England and Wales under the Companies Act 2006 on 3 June 2021 as a public company with limited liability under the name of Cardiff Auto Receivables Securitisation 2022-1 PLC with company number 13436293. The registered office of the Issuer is at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom, telephone +44 (0)20 7398 6300.

The issued share capital of the Issuer is 50,000 ordinary shares of £1 each (one of which is fully paid and 49,999 of which are quarter paid up). Cardiff Auto Receivables Securitisation Holdings Limited holds the entire issued share capital of the Issuer. The Issuer has no subsidiaries.

Principal Activities

The Issuer is permitted, pursuant to the terms of its articles of association and English law, among other things, to issue the Notes and to acquire the Purchased Receivables and the Ancillary Rights.

The Issuer was established as a special purpose vehicle solely for the purposes of issuing the Notes. The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorisation and issue of the Notes and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Funds are to be retained by the Issuer on each Payment Date in accordance with the Interest Priority of Payments and, after the service of an Enforcement Notice, the Accelerated Priority of Payments in an amount equal to the Retained Amount and to be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any such Retained Amount so applied shall be applied in satisfaction of the Issuer's obligations in respect of United Kingdom corporation tax and in payment of dividends.

Directors and Company Secretary

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

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Intertrust Directors 1 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

As at the date of this prospectus, there are no conflicts or potential conflicts between the directors' personal interests and their obligations to the Issuer.

The company secretary of the Issuer is Intertrust Corporate Services Limited.

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited, and their business addresses and principal activities, are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Susan Iris Abrahams	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Daniel Marc Richard Jaffe	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

As at the date hereof, the Issuer has no employees, non-executive directors or premises.

The Issuer

Capitalisation Statement

The following shows the capitalisation of the Issuer as at the date of this Prospectus:

Share capital

Issued: 50,000 ordinary shares of £1 each, 49,999 shares issued and paid up as to £0.25 and one share issued and fully paid, corresponding to a total paid up capital of £12,500.75.

Accounting Reference Date

The accounting reference date of the Issuer is 31 December.

HOLDINGS

Holdings was incorporated in England and Wales under the Companies Act 2006 on 19 December 2017 as a private company with limited liability under the name Cardiff Auto Receivables Securitisation Holdings Limited with company number 11118330. The registered office of Holdings is at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom, telephone +44 (0)20 7398 6300.

The share capital of Holdings is one ordinary share of £1 which is issued and is credited as fully paid. The entire issued share capital of Holdings is held on trust for discretionary purposes by Intertrust Corporate Services Limited under the terms of a share trust deed dated 8 January 2018, as amended from time to time.

Principal Activities of Holdings

Pursuant to the terms of its articles of association, Holdings is permitted, among other things, to hold shares in the Issuer.

Holdings has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and those matters referred to or contemplated in the prospectus published by Cardiff Auto Receivables Securitisation 2018-1 plc on 29 November 2018, the prospectus published by Cardiff Auto Receivables Securitisation 2019-1 plc on 28 November 2019 and this Prospectus and any matters which are incidental or ancillary to the foregoing.

Directors and Company Secretary of Holdings

The directors of Holdings and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Intertrust Directors 1 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

The company secretary of Holdings is Intertrust Corporate Services Limited.

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their business addresses and principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Susan Iris Abrahams	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Daniel Marc Richard Jaffe	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

As at the date hereof, Holdings has no employees, non-executive directors or premises.

DESCRIPTION OF THE NOTES

The following overview is intended only to be an overview and is qualified in its entirety by reference to the "Terms and Conditions of the Notes" and to the detailed terms of the trust deed between the Issuer and the Trustee by which the Notes are constituted.

Form and Denomination

The issue in the aggregate nominal amount of £564,250,000 consists of registered Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class S Notes in the denominations of £100,000 and integral multiples of £1,000 in excess of £100,000, up to and including £199,000. Except in limited circumstances, definitive notes will not be available, and no definitive notes will be issued with a denomination above £199,000.

For so long as Black Horse is the sole registered holder of the Class S Notes, notwithstanding the above and the Conditions, there will be one single Class S Note represented by one single definitive note in the denomination of £45,750,000.

Global Notes

Interests in each Class of the Rated Notes will be represented by a Global Note without interest coupons attached. The Global Notes representing the Rated Notes will be deposited on the Closing Date with a common safekeeper for both Euroclear and Clearstream, Luxembourg which will act as common safekeeper for each Class of Rated Notes (the "**Common Safekeeper**").

The Global Notes will be issued under the new safekeeping structure applicable to debt securities in global registered form recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations since 1 October 2010, or "**NSS**". The Common Safekeeper will hold each Class of Rated Notes in custody for Euroclear and Clearstream, Luxembourg. However, this does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either on issue or at any or all times during their life. Such recognition will depend on the satisfaction of the Eurosystem eligibility criteria. The Rated Notes will not satisfy all of the applicable criteria that are currently in force to be recognised as Eurosystem eligible collateral on issue.

The interests in each Class of Rated Notes are transferable according to applicable rules and regulations of Clearstream, Luxembourg and Euroclear. The Global Notes will not be exchangeable for Definitive Notes except in the following circumstances:

- the closure of one of the Clearing Systems;
- an Event of Default; or
- the Issuer has or will become subject to adverse tax consequences as a result of the Notes being in global form.

So long as each Class of Rated Notes are represented by a Global Note and the relevant Clearing Systems so permit, such Notes will be tradable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, up to and including £199,000, under the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

In addition, the Global Notes will contain terms that modify the conditions of each Class of Rated Notes as they apply to the Global Notes. The following is an overview of certain of those terms:

- Payments on each Global Note will be made and, in the case of payment of principal in full with all interest accrued on such note, through Clearstream, Luxembourg and/or Euroclear and such payments will be effective to satisfy and discharge the corresponding liabilities of the Issuer of the Notes.
- Payments of interest, principal or other amounts on a Global Note will be made through Clearstream, Luxembourg and/or Euroclear without any requirement for certification. The record date in respect of the cleared Notes shall be one Clearing System Business Day prior to the relevant

Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the cleared Notes are being held is open for business.

- For so long as any of a Class of Rated Notes are represented by a Global Note and such note(s) is/are held on behalf of Clearstream, Luxembourg or Euroclear, each person (other than Clearstream, Luxembourg or Euroclear) who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a particular nominal amount of Notes (each an "**accountholder**") will be treated as the holder of that nominal amount for all purposes (including but not limited to for the purposes of quorum requirements of, or the right to demand a poll or, meetings of the noteholders and giving notice to the Issuer under Condition 10 (*Events of Default*)) other than regarding payment of principal and interest on the Notes, the right to which will be vested, as against the Issuer, solely in the registered holder of such Global Note under and subject to its terms. Each accountholder must look solely to Clearstream, Luxembourg or Euroclear for its share of each payment made to the registered holder of such Global Note.
- While a Class of Rated Notes are represented by Global Note and the Global Note is deposited with a Common Safekeeper, for Clearstream, Luxembourg and Euroclear, Notices to Noteholders may be given by delivery of the relevant notice through Clearstream, Luxembourg and Euroclear and such notices will be deemed to have been given to the Noteholders in compliance with Condition 15 (*Notices*) on the seventh day after the date of delivery to Clearstream, Luxembourg and Euroclear. However, for so long as a Class of Rated Notes are listed on the London Stock Exchange and its rules so require, all notices concerning such Notes will be published on the website of the London Stock Exchange (www.londonstockexchange.com). This website does not form part of this Prospectus.

Although the above sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Notes among participants of Euroclear and Clearstream, Luxembourg, none of Euroclear or Clearstream, Luxembourg is under an obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Security Trustee, the Principal Paying Agent, the Lead Manager or an affiliate of any of the above, or a person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by Euroclear and Clearstream, Luxembourg 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 above.

Status and Security

Status

The Notes are secured, limited recourse obligations of the Issuer, ranking, as between the Notes of each Class, *pro rata* and *pari passu* without preference among themselves (subject as described in the "*Terms and Conditions of the Notes*").

Relationship between the Notes

- (e) The Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes;
- (f) the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes;
- (g) the Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes and the Class B Notes;
- (h) the Class D Notes will rank in priority to the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes, the Class B Notes and the Class C Notes;
- (i) the Class E Notes will rank in priority to the Class S Notes but will rank subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; and
- (j) the Class S Notes will rank subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

Notes held by Black Horse or Lloyds Bank plc

Notes held by Black Horse, Lloyds Bank plc or their respective affiliates will not be included for purposes of determining whether a required percentage of a Class of Noteholders have taken action under any Transaction Document in relation to Lloyds Matters.

Security

As security for the Notes and other Secured Obligations of the Issuer, the Issuer has entered into the Deed of Charge creating security over its assets in favour of the Security Trustee for itself and on trust for the Secured Parties.

Enforcement of the security

The Security becomes enforceable when the Trustee serves an Enforcement Notice on the Issuer and the Security Trustee. Following delivery of an Enforcement Notice, the Trustee may at its discretion direct the Security Trustee to take action to enforce the Security, and will direct the Security Trustee to take such action to enforce the Security as directed by the Controlling Class acting by way of a Written Resolution or by way of an Extraordinary Resolution, subject to each of the Trustee and the Security Trustee having been indemnified and/or secured and/or prefunded to their satisfaction.

To the extent that the Trustee acts in compliance with such directions of the Controlling Class acting by way of a Written Resolution or by way of an Extraordinary Resolution, it will have no obligation to take the interests of any other party into account or to follow a direction given by any other party. Only the Trustee and the Security Trustee may enforce the rights of the Noteholders against the Issuer, whether the same arise under general law, the terms and conditions of the Notes, a Transaction Document or otherwise.

Option to purchase

The Issuer may, at its option, redeem all of the Notes at their aggregate Principal Amount Outstanding, together with interest on a Payment Date if the Seller exercises its "clean-up call option" to purchase all of the Receivables. For more details, see "*Principal Transaction Documents – Receivables Sale Deed – Clean-Up Call Option*". The Seller will give notice to the Issuer of the exercise of its clean-up call option at least 10 Business Days in advance. The Seller will exercise the option by paying to the Issuer the purchase price for the Receivables on the date that the clean-up call repurchase agreement is entered into, and the Issuer will transfer to the Seller without recourse, representation or warranty all of the Issuer's right, title and interest in and to all receivables and all documents relating to such Receivables.

Taxation

All payments of principal and interest on the Notes will be made without withholding or deduction for, or on account of, present or future taxes, duties, assessments or governmental charges of any nature by the Issuer or any Paying Agent unless required by law (or under FATCA), in which case the Issuer or that Paying Agent will make that payment net of such withheld or deducted amounts and will account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to Noteholders for such withholding or deduction.

If a tax event described in Condition 5(b) occurs, it may lead to the early redemption of the Notes.

Where, as a result of an event that is a tax event, the Issuer does not or would not have sufficient amounts to make payments due on the Notes in full or would be required to withhold or deduct amounts from payments on the Notes, then the amounts payable on the Notes will be reduced proportionately and such reduction will not be an Event of Default.

Events of Default and Remedies

Each of the following will be an "**Event of Default**" under the Notes:

- the Issuer fails to pay interest due on Notes of the Controlling Class within five Business Days of payment becoming due on such Notes;

- the Issuer fails to pay the principal amount of a class of Notes in full on its Final Legal Maturity Date;
- the Issuer breaches its obligations under the Transaction Documents and such breach has a Material Adverse Effect and is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 60 calendar days;
- the Security granted under the Transaction Documents becoming void, unenforceable or ineffective; or
- an Insolvency Event occurs regarding the Issuer.

If an Event of Default occurs, the Trustee at its absolute discretion may, and, if so requested by the Controlling Class acting by way of a Written Resolution or by way of an Extraordinary Resolution, will (subject to being indemnified and/or secured and/or prefunded to its satisfaction) give an Enforcement Notice to the Issuer, the Security Trustee, the Account Bank, the Back-Up Facilitator, the Cash Manager and the Principal Paying Agent (with a copy to each Rating Agency) declaring the Notes due and payable and each Note will accordingly become immediately due and payable at its Principal Amount Outstanding together with accrued interest and the Security will become enforceable.

Enforcement and Non-Petition

Only the Trustee may pursue the remedies available under the Trust Deed and only the Security Trustee may take action to enforce payment on the Notes under the Deed of Charge.

None of the Secured Parties may take action, or have rights, against the Issuer to recover any amount still unpaid once the Security is enforced and the net proceeds of such enforcement distributed in accordance with the Accelerated Priority of Payments (*for more details see "Priority of Payments" above*), and any such liability will be extinguished.

In particular, none of them may, until the expiry of two years and one day after the payment of all sums outstanding under the Notes, petition or take any other step for the winding-up of the Issuer **provided that** the Trustee and the Security Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer.

Voting rights and Noteholder meetings

The Trust Deed contains provisions for convening separate meetings of each Class of Noteholders to consider matters relating to the Notes, including the modification of any provision of the Conditions, the Trust Deed or the other Transaction Documents.

A meeting of Noteholders (or a Class thereof) may be convened by the Issuer or by the Trustee and shall be convened by the Trustee, subject to its being indemnified and/or prefunded and/or secured to its satisfaction upon the request in writing of Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of Notes of the relevant Class.

Amendments and waiver

Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*) provides that certain modifications or waivers may be agreed by the Trustee without the consent or sanction of the Noteholders or any other Secured Party.

In particular:

- (a) subject to Condition 2(1)(iv) (which generally provides that if, in the opinion of the Trustee, there is a conflict between the interests of Holders of Notes then outstanding of two or more Classes, the Trustee will take into account only the interests of the Holders of Notes then outstanding of the most senior Class), the Trustee may, without prejudice to its rights regarding a future breach or event, from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders will not be materially prejudiced, waive or authorise a breach or proposed breach, or direct the Security Trustee to waive or authorise a breach or proposed breach, by the Issuer of

the provisions of the Trust Deed, the Deed of Charge or the other Transaction Documents or determine that any event will not be treated as an Event of Default for the purposes of the Trust Deed, provided that the Trustee will not exercise a power conferred on it by this Condition 12(b)(i) in contravention of a direction given by the Controlling Class acting by way of Written Resolution or by way of Extraordinary Resolution in compliance with these Conditions but no such direction will affect an authorisation, waiver or determination previously given or made. Such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, will be binding on the Noteholders and, unless otherwise agreed by the Trustee, the Issuer will then give notice to the Noteholders of such waiver, authorisation or determination in compliance with Condition 15 (*Notices*) as soon as practicable; and

- (b) the Trustee may without consulting or obtaining the consent of the Noteholders at any time and from time to time concur with the Issuer in making any modification:
- (i) to the Conditions or any Transaction Document (excluding in relation to a Basic Terms Modification) which in the opinion of the Trustee will not be materially prejudicial to the interests of the Noteholders (subject to Condition 2(l)(iv)); or
 - (ii) to the Conditions or any Transaction Document (including in relation to a Basic Terms Modification) if in the opinion of the Trustee such modification is of a formal, minor or technical nature, to correct a manifest error or to comply with law.

The Issuer shall notify the Noteholders of any such modification.

In addition, Condition 12(b)(iii) (*Amendments and waiver*) provides that the Trustee shall concur with the Issuer or any other relevant parties in making any modification to the Trust Deed, the Deed of Charge or the other Transaction Documents (irrespective of whether the same may be materially prejudicial to the interests of the Noteholders (but other than for a Basic Terms Modification) **provided that** the Issuer has certified in writing to the Trustee that such modification is required) in circumstances set forth in Condition 12(b)(iii).

Further, Condition 12(c) (*Additional right of modification*) provides that the Trustee shall concur with the Issuer or any other relevant parties in making any modification (other than a Basic Terms Modification) to the Trust Deed, the Deed of Charge or the other Transaction Documents (irrespective of whether the same may be materially prejudicial to the interests of the Noteholders) to enable the Issuer (or the Cash Manager on its behalf) to change Compounded Daily SONIA or the base rate that applies to the relevant Notes from Compounded Daily SONIA or such base rate that applies at such time to an Alternative Base Rate (and make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer (or the Cash Manager on its behalf) to facilitate such change) to the extent there has been or there is reasonably expected to be a material disruption or cessation to SONIA or the relevant base rate that applies to the Notes at such time, in circumstances set forth in Condition 12(c).

In each case the Issuer shall notify the Noteholders of any such amendment or waiver in accordance with Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*).

Substitution

So long as the Trustee believes that the interests of the Noteholders will not be materially prejudiced, but without the consent of the Noteholders or the Secured Parties, subject to the detailed terms of the Trust Deed, the Trustee may agree to the substitution of any other company or other entity in place of the Issuer as principal debtor under the Trust Deed and the Notes and replacement for it under the Deed of Charge and the other Transaction Documents, **provided that** the Rating Agencies confirm that such substitution will not adversely affect the then current rating of each Class of Rated Notes.

Entitlement of the Trustee

In the exercise of its powers, trusts, authorities or discretions, the Trustee (i) will only take into consideration the interests of the Controlling Class if there is a conflict between the interests of the Controlling Class and more junior Classes of Noteholders, (ii) will only take into consideration the interests of the Noteholders as a Class and will not take into consideration the consequences of such exercise for

individual Noteholders and (iii) will only have regard to the interest of the Noteholders and not any other Secured Parties, for so long as the Notes are still outstanding.

Governing Law

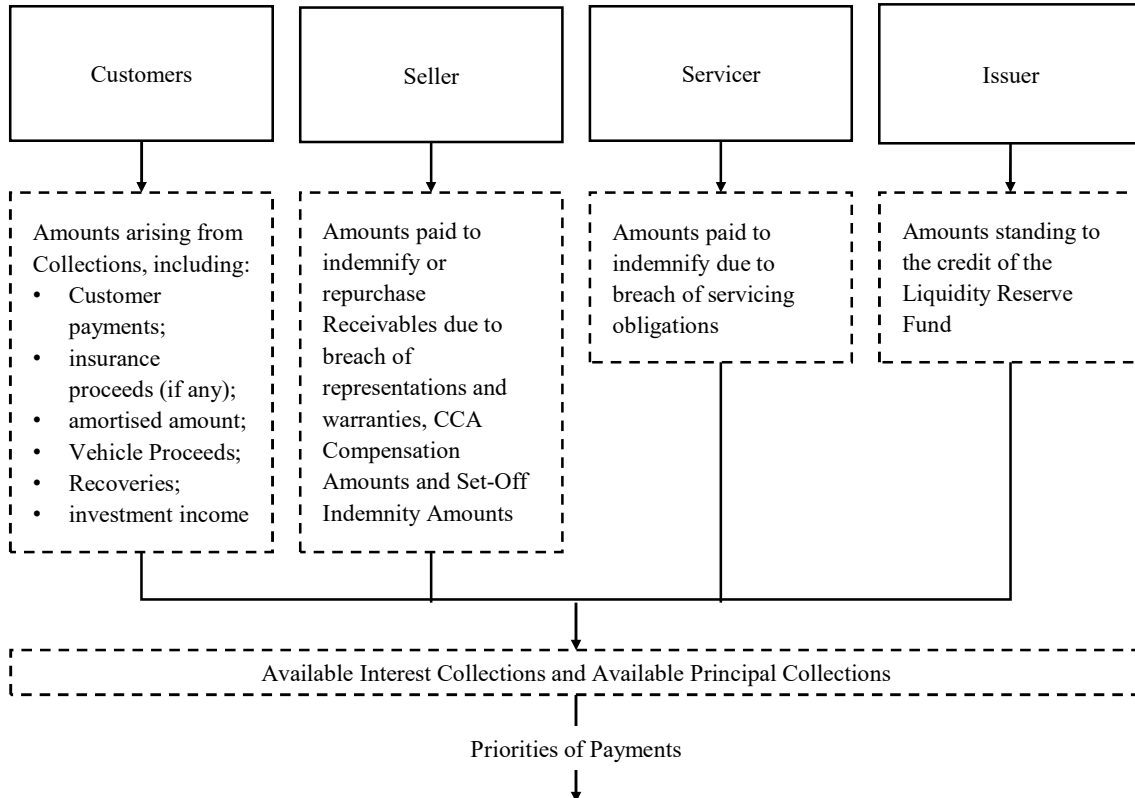
The Notes and all non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

CASHFLOWS

Available Funds for Payment

The Issuer will issue the Notes constituted under a trust deed between the Issuer and the Trustee. The Notes do not represent obligations of Black Horse or any other party other than the Issuer.

The following diagram is a non-exhaustive summary of the sources of funds available to the Issuer to make payments on each Payment Date.



Payments of interest and principal on the Notes will be made from Available Interest Collections and Available Principal Collections, or "**Available Funds**", which for any Payment Date generally will be equal to collections on the Receivables allocable to the prior Collection Period pursuant to the Servicer's systems, amounts paid to the Issuer by Black Horse to indemnify for any CCA Compensation Amount, Receivables Indemnity Amount or Set-Off Indemnity Amount or to repurchase Receivables that become Repurchased Receivables, plus amounts standing to the credit of the Liquidity Reserve Fund and accrued interest on the Distribution Account and the Liquidity Reserve Account.

For each Payment Date, "**Available Interest Collections**" are an amount equal to the sum of:

- (a) the aggregate Interest Collections for all Purchased Receivables allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems;
- (b) the aggregate Recoveries for all Purchased Receivables allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems;
- (c) interest earned on the Issuer Accounts (other than the Swap Collateral Account) during the Collection Period immediately preceding that Payment Date;
- (d) income on Authorised Investments during the Collection Period immediately preceding that Payment Date;
- (e) any amounts received from the Swap Counterparty and/or the Swap Guarantor under the Swap Agreement (other than any amount standing to the credit of the Swap Collateral Account which

will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments));

- (f) all amounts standing to the credit of the Liquidity Reserve Fund as at the Calculation Date immediately preceding that Payment Date;
- (g) the aggregate of all Available Principal Collections (if any) which are applied to make up any Remaining Interest Collections Shortfall on that Payment Date (only to the extent required after calculating any Remaining Interest Collections Shortfall);
- (h) any Surplus Available Principal Collections on that Payment Date;
- (i) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Interest Collections in accordance with Condition 2(h);
- (j) (without double counting) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale Deed in respect of an exercise by the Issuer of the Clean-Up Call, such amount of the Final Repurchase Price received by the Issuer on that Payment Date representing amounts other than the Outstanding Principal Balance of the Final Receivables as at that Payment Date; and
- (k) any other amounts received by the Issuer in respect of the Purchased Receivables that are not in respect of the Principal Element of the Purchased Receivables and that are allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems,

less, on each Interest Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Principal Collections in accordance with Condition 2(h) (*Determinations and Reconciliation*),

and "**Available Principal Collections**" are an amount equal to the sum of:

- (a) the aggregate Principal Collections for all Purchased Receivables allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems;
- (b) the amount, if any, to be credited to the Principal Deficiency Ledger pursuant to items (ix), (xii), (xv), (xviii), (xxi) and (xxii) of the Interest Priority of Payments on that Payment Date;
- (c) on the first Payment Date, an amount equal to £482.59 representing the excess of the subscription proceeds of the Notes over the Initial Purchase Price;
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Principal Collections in accordance with Condition 2(h);
- (e) (without double counting) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale Deed in respect of an exercise by the Issuer of the Clean-Up Call, such amount of the Final Repurchase Price received by the Issuer on that Payment Date representing the Outstanding Principal Balance of the Final Receivables as at that Payment Date; and
- (f) any other amounts received by the Issuer in respect of the Purchased Receivables that are in respect of the Principal Element of the Purchased Receivables and that are allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems,

less, on each Interest Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Interest Collections in accordance with Condition 2(h) (*Determinations and Reconciliation*).

For more details about the available interest collections and available principal collections, see "*Terms and Conditions of the Notes*".

Payments of Interest

Interest will accrue on the Floating Rate Notes at Compounded Daily SONIA (as defined in the Conditions) plus the Margin for each Class of Floating Rate Notes and on the Class A Notes and the Class S Notes at the Class A Interest Rate and the Class S Interest Rate respectively, in each case, specified on the cover of this Prospectus, and will be due to the Noteholders on each Payment Date. The Issuer will make interest payments on each Payment Date to the Noteholders of record on the Clearing System Business Day prior to such Payment Date.

Interest on the Floating Rate Notes will accrue on the Principal Amount Outstanding of each Note at a per annum rate equal to Compounded Daily SONIA plus:

- (a) in the case of the Class B Notes, 1.60%;
- (b) in the case of the Class C Notes, 1.95%;
- (c) in the case of the Class D Notes, 2.90%; and
- (d) in the case of the Class E Notes, 4.25%;

in each case, the sum being subject to a floor of zero.

Interest on the Class A Notes will accrue on the Principal Amount Outstanding of each Class A Note at a per annum rate equal to 1.20%. Interest on the Class S Notes will accrue on the Principal Amount Outstanding of each Class S Note at a per annum rate equal to 5.50%.

All interest due but not paid on any Payment Date will be due on the next Payment Date in accordance with Condition 4(k) (*Deferred Interest*), together with interest on the unpaid amount at the applicable interest rate. Failure to pay interest that is due on the Controlling Class of Notes that continues for 5 Business Days after its due date will be an Event of Default. Failure to pay interest that is due on a class of Notes that is not the Controlling Class will not be an Event of Default.

The Issuer will pay interest payments on the Notes on each Payment Date from Available Interest Collections. Interest payments will not be made on the Class A Notes until the Retained Amount, the amounts due to the Security Trustee and the Trustee, the amounts due to the Agents, the amounts due to any third party creditors of the Issuer and the amounts due to the relevant Transaction Parties (including the Servicing Fee) are paid in full. Interest payments will not be made on:

- (a) the Class B Notes until all interest due on the Class A Notes is paid in full;
- (b) the Class C Notes until all interest due on the Class A Notes and the Class B Notes is paid in full;
- (c) the Class D Notes until all interest due on the Class A Notes, the Class B Notes and the Class C Notes is paid in full;
- (d) the Class E Notes until all interest due on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is paid in full; or
- (e) the Class S Notes until all interest due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is paid in full.

If the amount of Available Interest Collections is insufficient to pay all interest due on a Class of Notes on a Payment Date, each holder of Notes of that Class will receive its *pro rata* share of the funds that are available.

For more details about the priority of payments made from Available Funds on each Payment Date, including priority payments of principal of senior Classes of Notes, see "*Priority of Payments*" below.

If the Notes are accelerated after an Event of Default, interest due on the Notes will not be paid until all items ranking senior to interest on the Notes pursuant to the applicable Priority of Payments are paid in full. Interest due on:

- (a) the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes will then not be paid until interest on all the Class A Notes is paid in full;
- (b) the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes will then not be paid until interest on all the Class A Notes and the Class B Notes is paid in full;
- (c) the Class D Notes, the Class E Notes and the Class S Notes will then not be paid until interest on all the Class A Notes, the Class B Notes and the Class C Notes is paid in full;
- (d) the Class E Notes and the Class S Notes will then not be paid until interest on all the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is paid in full; and
- (e) the Class S Notes will then not be paid until interest on all the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is paid in full.

For more details about the payment priorities following an acceleration of the Notes, see "*Accelerated Priority of Payments*" below.

Liquidity Reserve Fund

The Issuer will establish the Liquidity Reserve Fund on the Closing Date, which will be funded using the proceeds of the Liquidity Reserve Loan. The balance of the Liquidity Reserve Fund will be recorded on the Liquidity Reserve Ledger, which will comprise:

- (a) the Class A Liquidity Reserve Ledger, which will be funded on the Closing Date in an amount equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
- (b) the Class B Liquidity Reserve Ledger, which will be funded on the Closing Date in an amount equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date;
- (c) the Class C Liquidity Reserve Ledger, which will be funded on the Closing Date in an amount equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
- (d) the Class D Liquidity Reserve Ledger, which will be funded on the Closing Date in an amount equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date; and
- (e) the Class E Liquidity Reserve Ledger, which will be funded on the Closing Date in an amount equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date.

Amounts standing to the credit of the Liquidity Reserve Fund will be applied by the Issuer on each Payment Date prior to delivery of an Enforcement Notice as Available Interest Collections in accordance with the Interest Priority of Payments.

On each Payment Date, the Class A Liquidity Reserve Ledger will be replenished up to the Class A Liquidity Reserve Fund Required Amount, the Class B Liquidity Reserve Ledger will be replenished up to the Class B Liquidity Reserve Fund Required Amount, the Class C Liquidity Reserve Ledger will be replenished up to the Class C Liquidity Reserve Fund Required Amount, the Class D Liquidity Reserve Ledger will be replenished up to the Class D Liquidity Reserve Fund Required Amount and the Class E Liquidity Reserve Ledger will be replenished up to the Class E Liquidity Reserve Fund Required Amount, in each case in accordance with and subject to the Interest Priority of Payments.

On the Payment Date on which a Class of Rated Notes is redeemed in full, the Liquidity Reserve Loan will be repaid in an amount equal to 0.75% of the Principal Amount Outstanding of that Class of Notes as at the Closing Date in accordance with item (viii)(b), (xi)(b), (xiv)(b), (xvii)(b) or (xx)(b), as applicable, of the Interest Priority of Payments, subject to there being sufficient Available Interest Collections available to be applied in accordance with that item in accordance with the Interest Priority of Payments. To the extent that there are insufficient Available Interest Collections on that Payment Date to repay the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of that Class of Notes as at the Closing Date, any part of that amount of the Liquidity Reserve Loan remaining to be repaid will be repaid on each Payment Date thereafter in accordance with item (xxviii) of the Interest Priority of Payments.

Any amounts in the Liquidity Reserve Fund will be applied on the Final Legal Maturity Date or following the delivery of an Enforcement Notice in payment of principal on the Liquidity Reserve Loan.

Remaining Interest Collections Shortfalls

If the amount required to make payments under items (i) to (vi) (inclusive) of the Interest Priority of Payments and the payment of interest (and, where applicable, Deferred Interest and Additional Interest) on the Controlling Class in accordance with the Interest Priority of Payments on a Payment Date exceeds the Available Interest Collections for such Payment Date (without regard to item (g) of the definition of Available Interest Collections), then the Issuer shall apply Available Principal Collections up to the amount the excess as Available Interest Collections in accordance with the applicable Priority of Payments.

The amount of any Available Principal Collections so applied as Available Interest Collections will be recorded as a debit to the Principal Deficiency Ledger.

Payments of Principal

The Issuer will pay principal on the Notes on each Payment Date in the amounts described in the "*Terms and Conditions of the Notes*". Principal payments will be made sequentially to each Class in order of seniority, starting with the Class A Notes. The Issuer will not pay principal on any Class of Notes until the principal amounts of all more senior Classes are paid in full. The principal amount of each Class of Notes is expected to be repaid by that Class's Final Legal Maturity Date. On the Final Legal Maturity Date for each Class of Notes, no principal will be paid on any Class of Notes until the principal amounts of all more senior Classes are paid in full. If the principal amount of a Class of Notes is not repaid in full by its Final Legal Maturity Date, then an Event of Default will occur and the principal amount of all Classes of Notes may be declared immediately due and payable.

The Issuer will make payments of principal on the relevant Payment Date to the Noteholders of record on the Clearing System Business Day prior to such Payment Date, in accordance with the applicable Priority of Payment.

If the Notes are accelerated after an Event of Default, principal due on the Rated Notes will not be paid until, among other things, all Issuer expenses ranking senior to the Notes (including, without limitation, the Servicing Fee) are paid in full. Principal and interest due on:

- (a) the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes will then not be paid until both interest and principal on all the Class A Notes is paid or repaid in full;
- (b) the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes will then not be paid until both interest and principal on all the Class A Notes and the Class B Notes is paid or repaid in full;
- (c) the Class D Notes, the Class E Notes and the Class S Notes will then not be paid until both interest and principal on all the Class A Notes, the Class B Notes and the Class C Notes is paid or repaid in full;
- (d) the Class E Notes and the Class S Notes will then not be paid until both interest and principal on all the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is paid or repaid in full; and
- (e) the Class S Notes will then not be paid until both interest and principal on all the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is paid or repaid in full.

Priority of Payments

General rule

On each Payment Date, the Cash Manager will apply Available Funds from the Collection Period to make payments in the Priority of Payments listed below.

Interest Priority of Payments

On each Payment Date before the service of an Enforcement Notice, the Issuer will apply the Available Interest Collections in the order of priority listed below (**provided that** amounts standing to the credit of the Liquidity Reserve Ledger shall not be applied towards items (ix), (xii), (xv), (xviii), (xxi) or (xxii) below):

- (i) **Retained Amount** – *first*, in or towards retention by the Issuer of the Retained Amount;
- (ii) **Amounts due to the Security Trustee and the Trustee** – *second*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Security Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Security Trustee, and to make provision for any amounts due or to become due during the following Calculation Period to the Security Trustee under the Deed of Charge; and
 - (b) the Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Trustee, and to make provision for any amounts due or to become due during the following Calculation Period to the Trustee under the Trust Deed.

in each case, together with any arrears remaining unpaid for such amounts;

- (iii) **Amounts due to the Principal Paying Agent and the Registrar** – *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Agents together with interest and any amount in respect of VAT (if any) on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Calculation Period to the Agents under the Agency Agreement;
- (iv) **Amounts due to third parties** – *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to any third party creditors of the Issuer (other than those referred to later in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer, up to a maximum amount equal to £20,000, and, to the extent the Retained Amounts are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
- (v) **Amounts due to Transaction Parties** – *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Cash Manager, together with any amount in respect of VAT (if any) on those amounts due to the Cash Manager, and to provide for any amounts due or to become due to the Cash Manager in the immediately succeeding Interest Period, under the Cash Management Agreement;
 - (b) the Servicer, together with any amount in respect of VAT (if any) on those amounts due to the Servicer, and to provide for any amounts due or to become due to the Servicer, in the immediately succeeding Interest Period, under the Servicing Agreement;
 - (c) the Corporate Services Provider, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
 - (d) the Account Bank, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Account Bank in the immediately succeeding Interest Period, under the Account Bank Agreement;
 - (e) to the extent applicable, the Back-Up Facilitator, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to

the Back-Up Facilitator in the immediately succeeding Interest Period, under the Back-Up Facilitator Agreement;

- (f) any auditors of, and other professional advisers to, the Issuer; and
- (g) any Insolvency Official of the Seller, the Incentive Fee (if any);
- (vi) **Amounts due to the Swap Counterparty** – *sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Swap Counterparty together with interest on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Calculation Period to the Swap Counterparty under the Swap Agreement (in each case, other than Swap Counterparty Subordinated Amounts or Swap Counterparty Excluded Amounts);
- (vii) **Class A Interest** – *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders of interest due and payable on the Class A Notes;
- (viii) **Class A Liquidity Reserve Ledger** – *eighth*, either:
 - (a) prior to the Payment Date on which the Class A Notes will be repaid in full, in or towards credit to the Class A Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class A Liquidity Reserve Ledger to the Class A Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class A Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
- (ix) **Class A Principal Deficiency Ledger** – *ninth*, in or towards credit to the Class A Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class A Principal Deficiency Ledger to zero;
- (x) **Class B Interest** – *tenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class B Notes;
- (xi) **Class B Liquidity Reserve Ledger** – *eleventh*, either:
 - (a) prior to the Payment Date on which the Class B Notes will be repaid in full, in or towards credit to the Class B Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class B Liquidity Reserve Ledger to the Class B Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class B Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date; and
- (xii) **Class B Principal Deficiency Ledger** – *twelfth*, in or towards credit to the Class B Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class B Principal Deficiency Ledger to zero;
- (xiii) **Class C Interest** – *thirteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class C Notes;
- (xiv) **Class C Liquidity Reserve Ledger** – *fourteenth*, either:
 - (a) prior to the Payment Date on which the Class C Notes will be repaid in full, in or towards credit to the Class C Liquidity Reserve Ledger of the amount required to increase the

- amount standing to the credit of the Class C Liquidity Reserve Ledger to the Class C Liquidity Reserve Fund Required Amount; or
- (b) on the Payment Date on which the Class C Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
- (xv) **Class C Principal Deficiency Ledger** – *fifteenth*, in or towards credit to the Class C Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class C Principal Deficiency Ledger to zero;
 - (xvi) **Class D Interest** – *sixteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class D Notes;
 - (xvii) **Class D Liquidity Reserve Ledger** – *seventeenth*, either:
 - (a) prior to the Payment Date on which the Class D Notes will be repaid in full, in or towards credit to the Class D Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class D Liquidity Reserve Ledger to the Class D Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class D Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date;
 - (xviii) **Class D Principal Deficiency Ledger** – *eighteenth*, in or towards credit to the Class D Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class D Principal Deficiency Ledger to zero;
 - (xix) **Class E Interest** – *nineteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class E Notes;
 - (xx) **Class E Liquidity Reserve Ledger** – *twentieth*, either:
 - (a) prior to the Payment Date on which the Class E Notes will be repaid in full, in or towards credit to the Class E Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class E Liquidity Reserve Ledger to the Class E Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class E Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date;
 - (xxi) **Class E Principal Deficiency Ledger** – *twenty-first*, in or towards credit to the Class E Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class E Principal Deficiency Ledger to zero;
 - (xxii) **Class S Principal Deficiency Ledger** – *twenty-second*, in or towards credit to the Class S Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class S Principal Deficiency Ledger to zero;
 - (xxiii) **Class S Interest** – *twenty-third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholder of interest (including any Deferred Interest and Additional Interest) due and payable on the Class S Notes;

- (xxiv) **Swap Counterparty Subordinated Amounts** – *twenty-fourth*, in or towards payment of any Swap Counterparty Subordinated Amounts, if any, due and payable to the Swap Counterparty in respect of the Swap Agreement;
- (xxv) **Other amounts due by Issuer** – *twenty-fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to any other party of any amounts due by the Issuer under the Transaction Documents to whom payment has not already been provided for elsewhere;
- (xxvi) **Liquidity Reserve Loan and Issuer Expenses Loan Interest** – *twenty-sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any interest due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan;
- (xxvii) **Issuer Expenses Loan Principal** – *twenty-seventh*, in or towards payment to the Subordinated Loan Provider of any principal amount due and payable on the Issuer Expenses Loan;
- (xxviii) **Liquidity Reserve Loan Principal** – *twenty-eighth*, *pari passu* and *pro rata* according to the respective amounts thereof:
 - (a) on each Payment Date after the Payment Date on which the Class A Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (viii)(b) and this item (xxviii)(a) is equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
 - (b) on each Payment Date after the Payment Date on which the Class B Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xi)(b) and this item (xxviii)(b) is equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date;
 - (c) on each Payment Date after the Payment Date on which the Class C Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xiv)(b) and this item (xxviii)(c) is equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
 - (d) on each Payment Date after the Payment Date on which the Class D Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xvii)(b) and this item (xxviii)(d) is equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date; and
 - (e) on each Payment Date after the Payment Date on which the Class E Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xx)(b) and this item (xxviii)(e) is equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date; and
- (xxix) **Deferred Purchase Price** – *twenty-ninth*, in payment to the Seller of all remaining Available Interest Collections as Deferred Purchase Price,

in each case only to the extent that all payments of a higher priority to be paid or provided for on such Payment Date have been made in full.

If, on or prior to any Payment Date, the Servicer has not provided the Cash Manager with sufficient information to make the determinations required to apply Available Interest Collections in accordance with the Interest Priority of Payments, then the Cash Manager shall first apply Available Interest Collections to pay items (i) to (vii) (inclusive) of the Interest Priority of Payments and thereafter all remaining amounts representing Available Interest Collections shall be credited to the Distribution Account for application as Available Interest Collections on the next following Payment Date.

Principal Priority of Payments

On each Payment Date before the service of an Enforcement Notice, the Issuer will apply the Available Principal Collections to make the payments in the order of priority listed below:

- (i) **Remaining Interest Collections Shortfall** – *first*, in or towards application of an amount equal to the Remaining Interest Collections Shortfall as Available Interest Collections;
- (ii) **Class A Principal** – *second*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders of principal of the Class A Notes until paid in full;
- (iii) **Class B Principal** – *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders of principal of the Class B Notes until paid in full;
- (iv) **Class C Principal** – *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders of principal of the Class C Notes until paid in full;
- (v) **Class D Principal** – *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders of principal of the Class D Notes until paid in full;
- (vi) **Class E Principal** – *sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders of principal of the Class E Notes until paid in full;
- (vii) **Class S Principal** – *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholders of principal of the Class S Notes until paid in full; and
- (viii) **Available Interest Collections** – *eighth*, in application of any remaining amounts to Available Interest Collections,

but in each case only to the extent that all payments of a higher priority to be paid or provided for on such Payment Date have been made in full.

If, on or prior to any Payment Date, the Servicer has not provided the Cash Manager with sufficient information to make the determinations required to apply Available Principal Collections in accordance with the Principal Priority of Payments, then the Cash Manager shall first apply Available Principal Collections to pay item (i) of the Principal Priority of Payments and thereafter all remaining amounts representing Available Principal Collections shall be credited to the Distribution Account for application as Available Principal Collections on the next following Payment Date.

Accelerated Priority of Payments

After the service of an Enforcement Notice, the Security Trustee will apply moneys available for distribution (excluding Permitted Exceptions and amounts standing to the credit of the Liquidity Reserve Fund) to satisfy the amounts owing by the Issuer to the extent permitted by applicable law, in the following order of priority:

- (i) **Amounts due to Security Trustee and Trustee** – *first*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (A) the Security Trustee and any Receiver (including any administrative receiver) appointed by the Security Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Security Trustee, and any amounts then due or to become due and payable to the Security Trustee and the receiver under the provisions of the Deed of Charge; and

- (B) the Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Trustee, and any amounts then due or to become due and payable to the Trustee under the provisions of the Trust Deed,

in each case, together with any arrears remaining unpaid for such amounts;

- (ii) **Retained Amount** – *second*, in or towards retention by the Issuer of the Retained Amount;
- (iii) **Amounts due to the Principal Paying Agent and the Registrar** – *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Agents, together with interest and any amount in respect of VAT (if any) on those amounts and any costs, charges, liabilities and expenses then due or to become due and payable to them under the provisions of the Agency Agreement;
- (iv) **Amounts due to third parties** – *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to any third party creditors of the Issuer (other than those referred to later in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer up to an aggregate maximum amount under this item (v) after the service of an Enforcement Notice of £20,000 and, to the extent the Retained Amounts are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
- (v) **Amounts due to Transaction Parties** – *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
- (a) the Cash Manager, together with any amount in respect of VAT (if any) on those amounts due to the Cash Manager, and to provide for any amounts due or to become due to the Cash Manager in the immediately succeeding Interest Period, under the Cash Management Agreement;
- (b) the Servicer, together with any amount in respect of VAT (if any) on those amounts due to the Servicer, and to provide for any amounts due or to become due to the Servicer, in the immediately succeeding Interest Period, under the Servicing Agreement;
- (c) the Corporate Services Provider, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
- (c) the Account Bank, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Account Bank in the immediately succeeding Interest Period, under the Account Bank Agreement;
- (d) to the extent applicable, the Back-Up Facilitator, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Back-Up Facilitator in the immediately succeeding Interest Period, under the Back-Up Facilitator Agreement;
- (e) any auditors of, and other professional advisers to, the Issuer; and
- (f) any Insolvency Official of the Seller, the Incentive Fee (if any);
- (vi) **Amounts due to the Swap Counterparty** – *sixth*, in or towards payment of amounts due to the Swap Counterparty, together with interest on those amounts and any costs, charges, liabilities and expenses then due or to become due and payable to them under the provisions of the Swap Agreement (in each case, other than Swap Counterparty Subordinated Amounts or Swap Counterparty Excluded Amounts);
- (vii) **Class A Interest and Principal** – *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders;

- (A) *first*, of interest due and payable on the Class A Notes; and
- (B) *second*, of principal of the Class A Notes until paid in full;
- (viii) **Class B Interest and Principal** – *eighth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders:
 - (A) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class B Notes; and
 - (B) *second*, of principal of the Class B Notes until paid in full;
- (ix) **Class C Interest and Principal** – *ninth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders:
 - (A) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class C Notes; and
 - (B) *second*, of principal of the Class C Notes until paid in full;
- (x) **Class D Interest and Principal** – *tenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders:
 - (A) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class D Notes; and
 - (B) *second*, of principal of the Class D Notes until paid in full;
- (xi) **Class E Interest and Principal** – *eleventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders:
 - (A) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class E Notes; and
 - (B) *second*, of principal of the Class E Notes until paid in full;
- (xii) **Class S Interest and Principal** – *twelfth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholders:
 - (A) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class S Notes; and
 - (B) *second*, of principal of the Class S Notes until paid in full;
- (xiii) **Swap Counterparty Subordinated Amounts** – *thirteenth*, in or towards payment of any Swap Counterparty Subordinated Amounts, if any, due and payable to the Swap Counterparty in respect of the Swap Agreement;
- (xiv) **Other amounts due by Issuer** – *fourteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of any other amounts due and payable by the Issuer under the Transaction Documents (to the extent not already covered above);
- (xv) **Liquidity Reserve Loan and Issuer Expenses Loan Interest** – *fifteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any interest due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan;
- (xvi) **Liquidity Reserve Loan and Issuer Expenses Loan Principal** – *sixteenth*, in or towards repayment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any principal due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan; and

- (xvii) **Deferred Purchase Price** – *seventeenth*, in payment to the Seller of any amounts remaining as Deferred Purchase Price,

in each case only to the extent that all payments of a higher priority due to be paid or provided for on such Payment Date have been made in full.

If and during such time period that a Monthly Report is not provided to the Cash Manager, the Cash Manager will determine the amounts payable under the Accelerated Priority of Payments to the Noteholders and the other transaction parties in compliance with the Cash Management Agreement.

Swap Collateral

In the event that any Swap Collateral is received by the Issuer from the Swap Counterparty, the Cash Manager will credit such amounts representing that Swap Collateral, including any interest thereon or distributions in respect thereof, to the Swap Collateral Account. The Swap Collateral Account will be debited by the relevant amount in the event that Swap Collateral is returned to the Swap Counterparty or is applied (or is realised and applied) towards satisfaction of obligations of that Swap Counterparty, in each case in accordance with the Swap Agreement. In the event that such Swap Collateral is applied towards satisfaction of obligations of such Swap Counterparty and is not to be applied by the Issuer in the purchase of one or more replacement hedging transactions, such amount shall be credited to the Distribution Account for application in accordance with the applicable Priority of Payments (in each case subject to the Swap Collateral Account Priority of Payments).

In addition, upon any early termination of the Swap Agreement (a) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (b) any termination payment (as calculated in accordance with the Swap Agreement) received by the Issuer from the outgoing Swap Counterparty and (c) any Swap Tax Credits will be credited to the Swap Collateral Account.

Amounts and securities standing to the credit of the Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) will not be available for the Issuer or the Security Trustee to make payments to the Secured Parties generally, but may be applied by the Cash Manager only in accordance with the following provisions in accordance with the instructions of the Swap Counterparty or the Servicer (the "**Swap Collateral Account Priority of Payments**"):

- (i) to pay an amount equal to any Swap Tax Credits received by the Issuer to the Swap Counterparty;
- (ii) prior to the designation of an Early Termination Date (as defined in the Swap Agreement, the "**Early Termination Date**") in respect of the Swap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the Credit Support Annex relating to the Swap Agreement), Interest Amounts and Distributions (as defined in the Credit Support Annex relating to the Swap Agreement), on any day, directly to the Swap Counterparty;
- (iii) following the designation of an Early Termination Date in respect of the Swap Agreement where (1) such Early Termination Date has been designated following a Swap Counterparty Default or Swap Counterparty Downgrade Event and (2) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (as calculated in accordance with the Swap Agreement) (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
 - (A) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated;
 - (B) *second*, in or towards payment of any termination payment (as calculated in accordance with the Swap Agreement) due to the outgoing Swap Counterparty; and
 - (C) *third*, the surplus (if any) on such day to be transferred to the Distribution Account to be applied as Available Interest Collections;

- (iv) following the designation of an Early Termination Date in respect of the Swap Agreement where: (1) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (iii)(1) above, and (2) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (as calculated in accordance with the Swap Agreement) (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
- (A) *first*, in or towards payment of any termination payment (as calculated in accordance with the Swap Agreement) due to the outgoing Swap Counterparty;
 - (B) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated; and
 - (C) *third*, any surplus on such day to be transferred to the Distribution Account to be applied as Available Interest Collections;
- (v) following the designation of an Early Termination Date in respect of the Swap Agreement for any reason where the Issuer does not enter into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment (as calculated in accordance with the Swap Agreement) due to the outgoing Swap Counterparty; and
- (vi) following payments of amounts due pursuant to item (v) above, if amounts remain standing to the credit of a Swap Collateral Account, then, subject to, for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement, on each Payment Date, the right of the Issuer, or the Cash Manager on its behalf, to withdraw an amount from the Swap Collateral Account in respect of the Swap Transaction equal to the excess of the Interest Period Swap Counterparty Amount over the Interest Period Issuer Amount which would have been paid by the Swap Counterparty to the Issuer on such Payment Date but for the designation of an Early Termination Date under the Swap Agreement, to be applied as Available Interest Collections on such date, such amounts may be applied only in accordance with the following provisions:
- (A) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement; and
 - (B) *second*, any surplus remaining after payment of such Replacement Swap Premium to be transferred to the Distribution Account to be applied as Available Interest Collections,

provided that, for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement on or prior to the earlier of:

- (1) the Calculation Date immediately before the Payment Date on which the Principal Amount Outstanding of all Rated Notes would be reduced to zero (taking into account any Swap Collateral Account Surplus to be applied as Available Interest Collections on such Payment Date); or
- (2) the day on which an Enforcement Notice is given pursuant to Condition 10 (*Events of Default*); or
- (3) the date on which the Outstanding Principal Balance of the Purchased Receivables is reduced to zero,

then the amount standing to the credit of such Swap Collateral Account on such day shall be transferred to the Distribution Account to be applied as Available Interest Collections as soon as reasonably practicable thereafter.

The Swap Collateral Account will be opened on the Closing Date and maintained in respect of the Swap Agreement in the name of the Issuer and will be held at the Account Bank. As security for the payment of

all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in the Swap Collateral Account and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

RIGHTS OF NOTEHOLDERS

Please refer to the section entitled "Terms and Conditions of the Notes" for further detail in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Parties.

Prior to an Event of Default: Prior to the occurrence of an Event of Default, Noteholders holding not less than 10% of the Principal Amount Outstanding of the Notes are entitled to direct the Trustee to convene a Noteholders' meeting to consider any matter affecting their interests.

Following an Event of Default: Following the occurrence of an Event of Default, the Controlling Class may by way of an Extraordinary Resolution (or a Written Resolution), instruct the Trustee to give an Enforcement Notice to the Issuer, the Security Trustee, the Account Bank, the Cash Manager and the Principal Paying Agent declaring the Notes as immediately due and payable at their principal amount outstanding together with accrued interest (subject to the Trustee and the Security Trustee having been indemnified and/or secured and/or prefunded to their satisfaction).

The Trustee may, and may direct the Security Trustee to, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders (subject to the provisions in the Trust Deed regarding conflicts, as to which see "*Relationship between Classes of Noteholders*" below), determine that an Event of Default shall not be subject to specified conditions and treated as such (provided that the Trustee shall not exercise such power in contravention of a direction by the Controlling Class acting by way of an Extraordinary Resolution or a Written Resolution).

See further the section entitled "*Terms and Conditions of the Notes*" for more information.

Noteholders meeting provisions:

<i>Notice Period:</i>	21 clear days, but not more than 90 days, for the initial meeting	10 clear days, but not more than 21 days, for an adjourned meeting
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<i>Place of meeting:</i>	United Kingdom
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<i>Quorum:</i>	20% of the Principal Amount Outstanding of Notes of the relevant Class then outstanding for the initial meeting for all Ordinary Resolutions; 50% of the Principal Amount Outstanding of Notes of the relevant Class then outstanding for the initial meeting to pass an Extraordinary Resolution (other than a Basic Terms Modification, which requires at least 75% of the Principal Amount Outstanding of Notes of the relevant Class then outstanding)	Any holding of outstanding Notes for an adjourned meeting (other than a Basic Terms Modification, which requires 25% of the Principal Amount Outstanding of Notes of the relevant Class then outstanding)
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<i>Required majority:</i>	More than 50% of votes cast for matters requiring Ordinary Resolution and 75% of votes	More than 50% of votes cast for matters requiring Ordinary Resolution and 75% of votes
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cast for matters requiring Extraordinary Resolution cast for matters requiring Extraordinary Resolution

Written Resolution: At least 75% of the Principal Amount Outstanding of Notes of the relevant Class then outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution:

Broadly speaking, the following matters require an Extraordinary Resolution:

- to approve any Basic Terms Modification;
- to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default under the Notes;
- to remove the Trustee and/or the Security Trustee and to approve the appointment of a new Trustee and/or Security Trustee;
- to authorise the Trustee or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- to appoint any persons as a committee to represent the interests of the Noteholders and to convey upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution,

provided that neither a Base Rate Modification nor any modification in accordance with Condition 12(b)(ii) shall require an Extraordinary Resolution.

Relationship between Classes of Noteholders:

Except in respect of certain matters set out in Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*) and the Trust Deed, an Extraordinary Resolution of:

- (a) the Holders of Class A Notes then outstanding shall be binding on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes;
- (b) the Holders of Class B Notes then outstanding shall be binding on the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes
- (c) the Holders of Class C Notes then outstanding shall be binding on the Class D Notes, the Class E Notes and the Class S Notes
- (d) the Holders of Class D Notes then outstanding shall be binding on the Class E Notes and the Class S Notes
- (e) the Holders of Class E Notes then outstanding shall be binding on the Class S Notes.

For further details see Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*).

A Basic Terms Modification requires an Extraordinary Resolution of the relevant affected Classes of Notes.

Relationship between Noteholders and other Secured Parties:

The Trustee will consider the interests of the Noteholders as a whole, but if in the Trustee's sole opinion there is a conflict between their interests it will have regard solely to the interests of the Holders of the Notes of the most senior Class then outstanding.

So long as the Notes are outstanding, the Security Trustee will have regard to the interests of both the Noteholders and the other Secured Parties, but if in the Security Trustee's opinion there is a conflict between their interests it will have regard solely to the interests of the Noteholders.

Disenfranchisement of the Issuer and Black Horse, Lloyds Bank plc or any of their affiliates:

For the purposes of

- (a) the determination of how many Notes of a Class are for the time being outstanding for the purposes of Noteholders of such Class giving directions to the Trustee, including any direction to enforce the security in accordance with the Note Trust Deed and the Conditions, or the provisions for meetings of the Noteholders of such Class set out in the Trust Deed;
- (b) any discretion, power or authority which the Trustee is required or permitted, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders of such Class or any of them; and
- (c) the determination by the Trustee whether, in its opinion, any event, circumstance, matter or thing is or would be materially prejudicial to the interests of the Noteholders or any of them,

(i) those Notes of the relevant Class, if any, which are beneficially held by or for the account of the Issuer will be deemed not to remain outstanding and (ii) if Black Horse, Lloyds Bank plc or any of their affiliates, holds some or all of the Notes of the relevant Class, such Notes will be deemed not to remain outstanding for the purposes of any Lloyds Matter.

Provision of Information to the Noteholders:

Information in respect of the underlying Portfolio will be available on <https://www.lloydsbankinggroup.com/investors/fixed-income-investors/securitisation/> in the form of Monthly Reports pursuant to the terms of the Servicing Agreement.

PRINCIPAL TRANSACTION DOCUMENTS

The following is intended only to be an overview of the principal Transaction Documents and is qualified in its entirety by reference to the detailed terms of the relevant agreement which will be available at the office of the Principal Paying Agent, as described in "General Information".

Receivables Sale Deed

Sale and Purchase

Under the Receivables Sale Deed, on the Closing Date, Black Horse will sell, and the Issuer has agreed to purchase, the Receivables, together with the Ancillary Rights that Black Horse has represented and warranted satisfy the Eligibility Criteria.

On the Closing Date, the Receivables, with an aggregate outstanding principal balance of approximately £609,999,517.41, will be transferred to the Issuer.

Black Horse will have a right to receive all remaining Available Funds in the form of the Deferred Purchase Price, subject to the applicable Priority of Payments.

For more details about the Seller, see "*The Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty*" and for more details about the Receivables, see "*The Portfolio*".

Title

Title to the Related Vehicles will remain with Black Horse until it is transferred to the relevant Customer under the terms of the relevant Receivable Agreement or is sold by Black Horse following repossession of the Vehicle from the relevant Customer or a return of a Vehicle under a VT Receivable or PCP balloon option by the relevant Customer.

Representations and Warranties of Black Horse about the Receivables

Black Horse will make representations and warranties about the Receivables to the Issuer and the Security Trustee. Generally, these representations and warranties relate to legal standards for origination and transfer of the Receivables, terms of the agreements, and the nature of the interest in the Receivables and the Financed Vehicles. Black Horse will also represent and warrant that the Receivables satisfy the criteria described under "*The Portfolio – Selection of Receivables*".

Black Horse will represent on the Closing Date in relation to the Receivables that:

- (a) **Compliance with Eligibility Criteria:** Each Receivable and each Related Receivable Agreement complies in all respects with the Eligibility Criteria;
- (b) **Status:** Each Related Receivable Agreement was entered into on the terms of one of the Standard Form Contracts without alteration or addition to the form (other than the form being completed in accordance with the Seller's policies) and no Related Receivable Agreement is a "modifying agreement" as defined in section 82(2) of the CCA (broadly, an agreement varying or supplementing an earlier Related Receivable Agreement) or a novated agreement;
- (c) **Valid and Binding:** Each Related Receivable Agreement (i) is governed by English law and (ii) is a legal, valid and binding obligation of the relevant Customer and, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights, is in all material respects enforceable in accordance with its terms and is non-cancellable and freely assignable;
- (d) **No prior assignment, set-off or defence:** No Related Receivable Agreement is subject to any claim, equity, defence, right of retention or set-off by the Customer except by virtue of (i) section 56 or 75 of the CCA and (ii) regulation 7 or 8 of the Unfair Terms in Consumer Contracts Regulations 1999;
- (e) **Legal and beneficial ownership:** Immediately prior to the Closing Date, the Seller is and (subject to any prior Encumbrance which has been subsequently discharged) always has been the sole legal

and beneficial owner of each Receivable and the Ancillary Rights relating thereto and is selling each Receivable and the Ancillary Rights relating thereto free from any Encumbrance (including rights of attaching creditors and trust interests) and, save as provided for in the Transaction Documents and save for the rights of the Customer under the relevant Related Receivable Agreement, there is no option or right to acquire or create any Encumbrance, on, over or affecting the Receivable or the Ancillary Rights relating thereto;

- (f) **No Default:** So far as the Seller is aware, there is no material default, breach or violation under any Related Receivable Agreement which has not been remedied or any event which, with the giving of notice and/or the making of any determination and/or the expiration of any applicable grace period, would constitute such default, breach or violation, **provided that** any default, breach or violation shall be material if it in any way affects the amount or the collectability of the Receivables arising under the Related Receivable Agreement and **provided further that** (i) any breach relating to non-payment shall not be material unless it would be such as would cause the relevant Receivable not to comply with the Eligibility Criteria and (ii) a default relating to a non-payment will not constitute a default for the purposes of this paragraph (f) unless it would cause the relevant Receivable not to comply with item (1)(g) of the Eligibility Criteria;
- (g) **Option to purchase:** No Related Receivable Agreement provides for an option to purchase fee greater than £150;
- (h) **The Seller's Records:** The Seller (or the Seller's agents on the Seller's behalf) has maintained records relating to each Receivable and Related Receivable Agreement which are accurate and complete in all material respects and which, to the best of the knowledge, information and belief of the Seller, are sufficient to enable such Related Receivable Agreement to be enforced against the relevant Customer and such records are held by or to the order of the Seller;
- (i) **Credit and Collection Procedures:** Each Related Receivable Agreement (i) was originated in accordance with the Credit and Collection Procedures and (ii) is serviced in accordance with the Credit and Collection Procedures;
- (j) **Insurance:** The terms of each Related Receivable Agreement require the Customer thereunder to insure the Vehicle which is the subject thereof comprehensively against all normally insurable risks (subject to all normal excesses and deductibles);
- (k) **Consumer Credit:**
 - (i) Each Related Receivable Agreement was originated by the creditor named as such in the Related Receivable Agreement, as sole principal, and without any agent lender;
 - (ii) the Seller has at all material times held and continues to hold and will maintain at all material times a CCA licence or FSMA authorisation (as applicable) to carry on consumer credit business; and
 - (iii) so far as the Seller is aware (i) each Dealer and (ii) each other person who carried on, in relation to a Related Receivable Agreement, any "credit brokerage", as defined in section 145(2) of the CCA, has at all material times held a CCA licence or FSMA authorisation (as applicable) to carry on credit brokerage;
- (l) **Ownership:** The Seller is the legal and beneficial owner of the Vehicle to which each Receivable relates and no other person has any right or claim thereto (other than the Customer under the Related Receivable Agreement);
- (m) **Unfair Relationship:** So far as the Seller is aware, no Related Receivable Agreement, whether alone or with any related agreement, gives rise to any "unfair relationship" between the creditor and the debtor for the purposes of sections 140A to 140D of the CCA;
- (n) **Fraud or Dispute:** So far as the Seller is aware, each Related Receivable Agreement under which a Receivable arises has not been entered into fraudulently by the Customer and/or Dealer in respect thereof;

- (o) **No Repossession:** No Vehicle has been repossessed by the Seller under each current Related Receivable Agreement and the Seller has not given any notice, nor applied for any court order, under the CCA, in order to repossess a Vehicle;
- (p) **Sale of Goods Act 1979, Consumer Rights Act 2015, other statutes:** Each Dealer Contract provides that all terms implied by statute relating to the sale of the Vehicles to the Seller will apply in relation to the Vehicles;
- (q) **No Onerous Acts:** None of the Related Receivable Agreements is such that it may give rise to (or is linked in any way to any collateral contract in respect of, or including, the insurance of the Vehicle the subject of the Related Receivable Agreement or in respect of the Customer thereunder, or the maintenance or servicing of such Vehicle between the Seller and the relevant Customer which may give rise to) any liability on the part of the Seller to pay money or perform any other onerous act (other than with respect to any claims a Customer may have against the Seller as a result of SGITA, the Consumer Rights Act 2015 or Section 56 or Section 75 of the CCA); and
- (r) **Customer obligations:** Each Related Receivable Agreement includes obligations on the Customer to (i) keep the Vehicle in good condition and repair except for fair wear and tear and (ii) have the Vehicle serviced strictly in accordance with the manufacturer's recommendations and any applicable warranty.

Repurchase of Receivables

The Seller will repurchase any Non-Compliant Receivable not later than the end of the Calculation Period immediately following the Calculation Period in which the party discovering such breach gave written notice thereof to the others. The repurchase price payable by the Seller to the Issuer for each Non-Compliant Receivable shall be an amount equal to the Repurchase Price.

Where any Purchased Receivables are determined to be in breach of any Receivables Warranties made (including the Eligibility Criteria) by reason of a Receivable Agreement (or part thereof) being determined illegal, invalid, non-binding, unenforceable or cancellable under the CCA, the Seller will not be obliged to repurchase the relevant Receivables but will pay the CCA Compensation Amount to the Issuer, being an amount, calculated by the Servicer in accordance with the Servicing Agreement, required to compensate the Issuer for any loss arising as a result thereof.

For further information on the calculation of such CCA Compensation Amount, please see further "*Principal Transaction Documents – Servicing Agreement*" below.

In the case of a Purchased Receivable which did not exist, or has ceased to exist, such that it is not outstanding on the date on which it is otherwise due to be repurchased pursuant to the Receivables Sale Deed, the Seller will not be obliged to repurchase the relevant Receivable but will pay to the Issuer the Receivable Indemnity Amount.

Obligation to Repurchase Receivable for Non-Permitted Variation

A Non-Permitted Variation is any change to a Receivable Agreement that relates to a Purchased Receivable, other than a Defaulted Receivable, and which has the effect of:

- (a) reducing the Outstanding Principal Balance of the Purchased Receivable;
- (b) sanctioning any kind of payment holiday (other than any payment holiday required to be sanctioned by any Requirement of Law or Regulatory Direction, unless the Seller elects, in its sole discretion, voluntarily to classify that sanctioning in relation to that Purchased Receivable as a Non-Permitted Variation);
- (c) reducing the total interest payable by the Customer over the term of the Purchased Receivable; or
- (d) extending the term of the Purchased Receivable by more than one month.

If Black Horse agrees to any variation to a Receivable Agreement that relates to a Purchased Receivable, other than a Defaulted Receivable, which is a Non-Permitted Variation, the Seller must repurchase such Purchased Receivable from the Issuer on or before the end of the Calculation Period immediately following

the Calculation Period during which such Non-Permitted Variation occurs. Any such repurchase by the Seller as a result of a variation to a Receivable Agreement or a Purchased Receivable which is a Non-Permitted Variation shall be made in accordance with and subject to the terms of the Receivables Sale Deed. The repurchase price for the relevant Purchased Receivable shall be an amount equal to the Repurchase Price.

Option to Repurchase Non-Eligible Receivables

In addition, the Seller may, but will not be required to, by way of notice to the Issuer and the Security Trustee, offer to repurchase from the Issuer any Receivable (including any Receivable subject to a Permitted Variation) sold to the Issuer pursuant to the Receivables Sale Deed:

- (a) which is:
 - (i) not of a type described in Article 13 of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK LCR Regulation**");
 - (ii) not of a type described in the European Central Bank's guidelines on monetary policy instruments and procedures of the Eurosystem (ECB/2011/14) (the "**ECB Guidelines**");
 - (iii) not of a type described in the UK Solvency II Regulation; or
 - (iv) not compliant with the UK Securitisation Regulation or Article 243 of Regulation (EU) 575/2013 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRR**"); or
- (b) in circumstances where the Purchased Receivables do not comply with:
 - (i) Article 13 of the UK LCR Regulation;
 - (ii) the ECB Guidelines;
 - (iii) the UK Solvency II Regulation; or
 - (iv) the UK Securitisation Regulation or Article 243 of the UK CRR,

(each such Receivable, a "**Non-Eligible Receivable**").

Such repurchase of the relevant Non-Eligible Receivable and its Ancillary Rights from the Issuer will be at a repurchase price equal to the Repurchase Price. The Issuer shall accept any such offer by delivering a duly signed notice and the provisions of Receivables Sale Deed shall apply. The aggregate Outstanding Principal Balance of all Non-Eligible Receivables repurchased will not comprise more than 1% of the Outstanding Principal Balance of the Purchased Receivables as at the Closing Date. Purchased Receivables to be repurchased as Non-Eligible Receivables will be selected on a random basis, if and to the extent applicable.

Seller Indemnity for exercise of set-off, equity or counterclaim by a Customer

Black Horse as seller shall indemnify the Issuer and the Security Trustee against and pay thereto on demand the amount of any loss or expense suffered or incurred by the Issuer or the Security Trustee (the "**Set-Off Indemnity Amount**") as a direct result of the exercise or purported exercise by any Customer of any right of set-off in respect of any debt (present or future, actual or contingent) due or owing by such Customer to the Seller or alleged to be so due and owing (including, without limitation, any right of set-off pursuant to Section 56 and Section 75 and Section 75A of the CCA, or Sections 9(1) or 10(3) of the Consumer Rights Act 2015 and the SGITA); or netting, any other equity, counterclaim or other similar right or action which reduces any amount payable by such Customer in respect of such Purchased Receivables.

The Seller will pay the Set-Off Indemnity Amount no later than the end of the Calculation Period immediately following the Calculation Period in which such exercise of set-off, netting, equity, counter-claim or other similar right was discovered.

Clean-Up Call Option

Black Horse will have a "clean-up call" option to purchase all of the Receivables on any Payment Date after the aggregate Principal Amount Outstanding of the Rated Notes has been reduced to 10% or less of the initial aggregate Principal Amount Outstanding of the Rated Notes as at the Closing Date. Black Horse may exercise its clean-up call option only if the purchase price for the Receivables is sufficient, taking into account any amounts in the Distribution Account, to pay in full both the principal and the interest under the Notes and all items ranking in priority to principal and interest and other amounts due in respect of the Notes in accordance with the Interest Priority of Payments and the Principal Priority of Payments.

Notification of Assignment of Receivables

No notification of the assignment and transfer of Receivables will be made to the Customers unless a Perfection Event occurs. The Perfection Events include the termination of Black Horse's appointment as Servicer of the Receivables or the occurrence of an Insolvency Event regarding the Seller. Notification will also be made if it is required for enforcement of the Issuer's rights under such Receivables in which case, so long as no Event of Default has occurred, the giving of such notice will require the Seller's approval which may not be unreasonably withheld. See further "*Triggers Tables – Non-Rating Triggers Table – Perfection Event*".

Immediately on the termination of Black Horse's appointment as Servicer of the Receivables or the occurrence of an Insolvency Event regarding Black Horse the Servicer or the Issuer (as applicable) will give notice to the Customers of the assignment and transfer of the Receivables to the Issuer and to make payments on the Receivables to the Distribution Account.

Servicing Agreement

Servicing Obligations

Under the Servicing Agreement, Black Horse as Servicer will agree to manage, service, administer and collect the Receivables in accordance with the Servicer Standard of Care (defined below).

Under the Servicing Agreement, the Servicer's main obligations will be to:

- (a) collect and apply payments made on the Receivables and any other amounts received related to the Receivables;
- (b) recover amounts due from the Customer and of the related guarantors, if any, in respect of Defaulted Receivables;
- (c) enforce all obligations of the Customers under the Receivable Agreements and of the related guarantors if any;
- (d) enforce all Ancillary Rights arising in respect of the Receivables (including, but not limited to, any claims against any third parties (including dealers) in relation to any claims or set-off exercised by a Customer);
- (e) procure that all Collections in respect of the Receivables are paid within two Business Days following receipt by the Seller directly into the Distribution Account; and
- (f) prepare and provide the Monthly Reports and other periodic reports required by the Transaction Documents.

For further information on the Servicer and its servicing procedures, see "*Seller and Servicer*".

Under the Servicing Agreement, the Servicer will undertake to devote to the performance of its obligations and the exercise of its discretions under the Servicing Agreement and its exercise of the rights of the Issuer in respect of contracts and arrangements giving rise to payment obligations in respect of the Purchased

Receivables at least the same amount of time and attention and exercise the same level of skill, care and diligence as it would if it were administering Receivables in respect of which it held the entire benefit (both legally and beneficially) and, in any event, will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions and will devote all operational resources necessary (including, without limitation, office space, facilities, equipment and staff) to fulfil its obligations under the Servicing Agreement and the other Transaction Documents to which it is a party (together, the "**Servicer Standard of Care**").

The Servicer will undertake, among other things, that:

- (a) it will, in discharging its obligations and performing its functions under the Servicing Agreement, act in accordance with the Credit and Collection Procedures;
- (b) it will comply with any reasonable, proper and lawful directions, orders and instructions which the Issuer or, as applicable, the Security Trustee, may from time to time give to it in connection with the performance of its obligations under the Servicing Agreement (to the extent that compliance with those directions does not conflict with any provision of the Credit and Collection Procedures, the Transaction Documents or any duties or obligations applicable to directors generally under English law) **provided that** prior to a Servicer Termination Event, a Perfection Event or any enforcement action being taken in relation to the Charged Property, the Servicer shall act in accordance with the Credit and Collection Procedures and any such directions must be in conformity with the Credit and Collection Procedures;
- (c) it will notify the Issuer and the Security Trustee promptly (but in any case within one Business Day) of becoming aware of the occurrence of any Perfection Event or Servicer Termination Event;
- (d) it will make all calculations required to be made by it under the Servicing Agreement (including calculating the CCA Compensation Amount, the Set-Off Indemnity Amount, the Receivables Indemnity Amount and the Repurchase Price);
- (e) subject to and in accordance with the provisions of the Servicing Agreement and the Credit and Collection Procedures, it will take all reasonable steps to recover all sums due to the Issuer in respect of the Purchased Receivables and any Ancillary Rights;
- (f) in accordance with the Servicing Agreement to allow, at any time from time to time during regular business hours, on reasonable notice to the Servicer, the Issuer, the Security Trustee or their agents or representatives to examine all Records relating to the Receivables and visit the offices and property of the Servicer for the purpose of examining such Records, at the reasonable expense of the Servicer;
- (g) it will deliver the Monthly Reports to the Cash Manager, the Issuer, the Trustee, the Security Trustee, the Principal Paying Agent and the Rating Agencies; and
- (h) it will perform its obligations under the Transaction Documents in compliance with applicable laws and regulations.

Servicer Modifications

The Servicer will follow its policies and procedures in servicing the Receivables. As part of its normal collection efforts, the Servicer may waive or modify the terms of a Receivable, including granting payment extensions and rewriting, rescheduling or amending a Receivable Agreement or waiving late fees, extension fees or other administrative fees, according to Black Horse's servicing policies and procedures and provided that, unless the Seller and the Issuer have confirmed that any such Receivable will be repurchased by the Seller, such changes are not a Non-Permitted Variation.

For more details about the Servicer's policies and procedures for servicing the receivables, including extensions and rewrites, see "*The Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty – Servicing and Collections*".

Deposit of Collections

The Servicer will use reasonable endeavours to procure that all Collections in respect of the Receivables are paid directly into the Distribution Account within two Business Days of receipt by the Seller.

Allocation of Collections

The Servicer will identify and calculate amounts to be allocated to the Issuer's Distribution Account from Available Funds, including:

- (a) on each Business Day, the Servicer will identify amounts received into the Issuer's Distribution Account since the prior Business Day as Available Interest Collections or Available Principal Collections;
- (b) on each Calculation Date, the Servicer will calculate the Available Interest Collections for the immediately preceding Collection Period;
- (c) on each Payment Date before the service of an Enforcement Notice, the Servicer will allocate Available Interest Collections for the prior collection period to each item in the Interest Priority of Payments;
- (d) on each Calculation Date, the Servicer will calculate Available Principal Collections for the prior Collection Period; and
- (e) on each Payment Date before the service of an Enforcement Notice, the Servicer will allocate the Available Principal Collections in accordance with the Principal Priority of Payments.

For more details about the Interest Priority of Payment and the Principal Priority of Payments, see "*Terms and Conditions of the Notes*".

Monthly Reports

The Servicer will prepare and deliver a Monthly Report to the Issuer, the Cash Manager, the Trustee, the Security Trustee, the Principal Paying Agent and, if requested, the Rating Agencies at least one Business Day before each Payment Date. Each Monthly Report will contain information about payments to be made on the Notes on the Payment Date, the performance of the Receivables during the Collection Period and the status of any credit enhancement.

The Monthly Report will contain the following information for each Payment Date:

- the total amount of Available Funds;
- Collections on the Receivables allocated by interest and principal;
- fees and expenses payable to the Trustee, the Security Trustee, the Principal Paying Agent, the Registrar and certain other transaction parties;
- Servicing Fee payable to the Servicer;
- amount of interest and principal payable and paid on each Class of Notes;
- the principal amount of each class of Notes at the beginning of the period and the end of the period and the note factors needed to compute the principal amount of each Class of Notes, giving effect to all payments to be made on the Payment Date;
- the balance of the Liquidity Reserve Fund and the amount of any withdrawals from or deposits to the Liquidity Reserve Account to be made on the Payment Date;
- amounts to be paid by the Issuer and the Swap Counterparty under the Swap Agreement;
- information on the performance of the Receivables for the Collection Period, including the Aggregate Outstanding Principal Balance, Collections and the aggregate amount paid by Black

Horse to indemnify or to repurchase Non-Compliant Receivables, Non-Eligible Receivables or Receivables subject to a Non-Permitted Variation and the number of Receivables remaining in the pool;

- delinquency and loss information on the Receivables for the Collection Period;
- the amount of Available Funds paid to the Seller in the form of the Deferred Purchase Price; and
- the amount and method of Black Horse's retained interest.

The Monthly Report will be made available at <https://www.lloydsbankinggroup.com/investors/fixed-income-investors/securitisation/> and via the Securitisation Repository. Those websites and the contents thereof do not form part of this Prospectus.

The Cash Manager will use the Monthly Report to instruct the Principal Paying Agent on payments to be made to the Noteholders on each Payment Date. The Principal Paying Agent will have no obligation to verify calculations made by the Servicer or the instructions received by the Cash Manager.

The Monthly Report will include a Note Factor for each Class of Notes that can be used to compute the portion of the Principal Amount Outstanding on that Class of Notes each month. The factor for each Class of Notes is a seven-digit decimal indicating the remaining Principal Amount Outstanding of that Class of Notes as at the applicable Payment Date as a percentage of its original Principal Amount Outstanding, after giving effect to payments to be made on the Payment Date. For each Note, the portion of the Principal Amount Outstanding on that Class of Notes can be determined by multiplying the original denomination of that Note by the Note Factor for that Class of Notes. The factors for each Class of Notes will initially be 1.0000000 and will decline as the Principal Amount Outstanding of the Class declines.

For information about other reports prepared by the Servicer, see "*Certain Regulatory Disclosures – UK Securitisation Regulation – Transparency requirements*".

Data Protection

The Servicer shall provide the Back-Up Facilitator, on the Closing Date, with access to, or copies of, the encoded Customer Data in a form to be agreed between them and, prior to the occurrence of a Back-Up Facilitator Termination Event, on each Payment Date, with updated copies of the encoded Customer Data. The Servicer shall provide the Corporate Servicer Provider, on the Closing Date, with the key to such encoded Customer Data and shall ensure that the key is current and up-to-date and provide the Corporate Services Provider with an updated key should the circumstances so require. In the event of a Back-Up Facilitator Termination Event, the Servicer shall provide the Back-Up Servicer with access to, or copies of, the encoded Customer Data within 10 Business Days of the occurrence of the Back-Up Facilitator Termination Event, and updated encoded Customer Data on each subsequent Payment Date.

The Issuer will agree to administer and use all data, documents and information transferred to it under the Receivables Sale Deed or the Servicing Agreement in compliance with applicable laws. The Customer Data provided by the Servicer to the Issuer or the Back-Up Facilitator will be encoded to protect the confidentiality of the identities of the Customers, and the key to such encoded data will be provided to and kept by the Corporate Services Provider on behalf of the Issuer to be used to decrypt the encoded Customer Data following a Perfection Event.

Custodial Obligations of Black Horse

The Servicer will maintain a record in its computer systems, on a receivable by receivable basis, of:

- (a) all the amounts paid by each Customer;
- (b) all the amounts due from a Customer;
- (c) the balance payable under a Receivable; and
- (d) the list of Customers.

Delegation of Obligations

The Servicer may without prior notice or consent delegate its obligations under the Servicing Agreement to any third party, subject to certain conditions being met. The Servicer may perform its obligations through sub-contractors. No such delegation or sub-contracting will relieve the Servicer of its responsibilities for such obligations and the Servicer will remain responsible for such obligations. The Servicer will be responsible for the fees of any sub-contractors.

Limitations on Liability

The Servicer will not be liable for any losses or expenses of the other parties to the Servicing Agreement or the Noteholders as a result of the proper performance of the Servicer's obligations except where such loss or expense is the result of its fraud, wilful default or negligence in the performance of its obligations.

Servicing Fees

The Servicer will receive the Servicing Fee (inclusive of VAT, if any) on each Payment Date. In addition, the Servicer will retain any late fees, extension fees and other administrative fees received from Customers. The Servicer will have a right to reimbursement for fees and expenses paid to third parties related to the enforcement of any Receivable Agreement or the repossession and disposition of Financed Vehicles as well as for continued collection activities on written-off accounts.

Calculation of CCA Compensation Amount

In calculating the CCA Compensation Amount, the Servicer has agreed to calculate the loss (if any) that has arisen to the Issuer solely as a result of any Purchased Receivable or the related Receivable Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA. Where any Purchased Receivable or the related Receivable Agreement has been determined illegal, invalid, non-binding or unenforceable, the loss to the Issuer shall be calculated as being the amount which the Issuer should have received under such Receivable had the Receivable or Receivable Agreement not been so determined and on the assumption that all amounts under the Receivable and Receivable Agreement (including any option fees) would have been paid on a timely basis in full by the Customer (and disregarding any consideration as to the credit worthiness of the Customer) and including any amounts that would have accrued to the Issuer from the date on which such Related Receivable Agreement, was determined illegal, invalid, non-binding or unenforceable under the CCA, excluding for the avoidance of doubt any losses related to the Interest Element of the relevant Purchased Receivable.

Resignation and Termination of the Servicer

The Servicer may resign its appointment on no less than 12 months' written notice to the Issuer, the Back-Up Facilitator, the Seller and the Security Trustee with a copy being sent to the Rating Agencies. The Servicer may also assign its rights under the Servicing Agreement to another member of the Lloyds Banking Group and such other member of the Lloyds Banking Group shall be entitled to assume the obligations of the Servicer under the Servicing Agreement (and thereby release the Servicer from such obligations) subject to the assignee meeting certain criteria.

Each of the following events will be a "**Servicer Termination Event**" under the Servicing Agreement:

- (a) the Servicer fails to direct (or to procure the direction of) any movement of Collections as required under the Servicing Agreement and the other Transaction Documents, and such failure has continued unremedied for a period of five Business Days after the earlier of written notice of the same being received by the Servicer or the Servicer becoming aware of such failure, unless:
 - (i) the failure was caused by an event outside the Servicer's control and does not continue for more than ten Business Days, and the Servicer uses all commercially reasonable efforts to perform its obligations under the Servicing Agreement and promptly notifies the Trustee, the Security Trustee, the Issuer and the Noteholders of the failure and the steps being taken to correct it; or
 - (ii) the failure relates to an amount no greater than 0.05% of the aggregate Principal Amount Outstanding of all Notes at the date of such failure and does not continue for more than 90 days after such failure; or

- (b) the Servicer (i) fails to observe or perform in any respect any of its covenants and obligations under or pursuant to the Servicing Agreement or any other Transaction Document to which it is a party and such failure results in a material adverse effect on the Purchased Receivables and continues unremedied for a period of 60 days after the earlier of a Responsible Person of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer from the Issuer or, after delivery of an Enforcement Notice or notice that the Security Trustee has taken any action to enforce the Security, the Security Trustee requiring the same to be remedied, or (ii) fails to maintain its FSMA authorisation or any other regulatory licence or approval required under the terms of the Servicing Agreement and such failure continues unremedied for a period of 60 days after the earlier of an officer of Black Horse becoming aware of such default and written notice of such failure being received by Black Horse; or
- (c) the occurrence of an Insolvency Event in relation to the Servicer; or
- (d) any of the warranties given by the Servicer pursuant to the Servicing Agreement prove to be untrue, incomplete or inaccurate and such default (if capable of remedy) continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer.

The Servicer is entitled for a period of five Business Days from receipt of any notice of any breach in the performance of the Services by any sub-contractor or delegate of the Servicer to remedy such breach before it is treated as a breach of the Servicing Agreement by the Servicer, including for the purposes of paragraphs (a) and (b) above.

Black Horse's appointment under the Servicing Agreement may be terminated by the Issuer, so long as the Security Trustee (acting on the directions of the Trustee, itself directed by the Noteholders) consents to such termination. Notice of the termination of the Servicer shall be given to the Rating Agencies.

The Issuer, after the resignation or termination of the appointment of Black Horse as Servicer, shall (with the assistance of the Back-Up Facilitator) promptly identify and appoint a replacement servicer. No resignation or termination of the appointment of the Servicer will become effective until a replacement servicer has been appointed.

Collection Account Trust

The Seller has, pursuant to the terms of the Servicing Agreement, agreed to hold all amounts standing to the credit of the Collection Account (that it is holding on trust for itself pursuant to the trust declared pursuant to clause 4.6 (*Collection Account Trust*) of the servicing agreement dated 4 December 2019) on trust for the Issuer and itself absolutely (the "**Collections Account Declaration of Trust**"). The Seller shall hold upon trust:

- (a) for the Issuer absolutely, all such amounts to the extent that such amounts represent payments into the Collection Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of amounts standing to the credit of the Collection Account) (the "**Issuer Trust Amounts**"); and
- (b) for itself absolutely, all such amounts from time to time standing to the credit of the Collection Account to the extent such amounts represent amounts other than the Issuer Trust Amounts (the "**Seller Trust Amounts**").

The Seller has agreed that the Issuer Trust Amounts will be distributed to the Issuer in accordance with the terms of the Servicing Agreement and acknowledges and agrees that the Seller Trust Amounts shall be distributed at the direction of the Seller as beneficiary of the Collections Account Declaration of Trust.

The Seller will further acknowledge that it has no right at any time to pay, set-off or transfer any of the Issuer Trust Amounts in or towards satisfaction of the liabilities of the Seller and that it shall hold such money as trustee for the Issuer and shall only be entitled to deal with the Issuer Trust Amounts in accordance with the terms of the Servicing Agreement and the other Transaction Documents.

Back-Up Facilitator Agreement

General

The Back-Up Facilitator agrees to provide reasonable assistance to the Issuer in finding:

- (a) a suitable back-up servicer on the occurrence of a voluntary resignation of the Servicer, a Servicer Termination Event or a Back-Up Facilitator Termination Event, including facilitating the transfer of any Customer Data; and
- (b) a suitable back-up cash manager on the occurrence of a voluntary resignation of the Cash Manager or a Cash Manager Termination Event.

Back-Up Facilitator Termination Event

The Issuer, with the assistance of the Back-Up Facilitator, will use reasonable endeavours to enter into a back-up servicing agreement with a suitable back-up servicer with suitable experience and credentials if:

- (a) 51% or more of the issued share capital of the Servicer is no longer held beneficially by a member of the Lloyds Banking Group (a "**Change of Control Event**"); or
- (b) Lloyds Bank plc has a long-term issuer credit rating lower than BBB- by S&P and a long-term issuer rating lower than BBB(low) by DRBS (a "**Back-Up Facilitator Downgrade Event**" and, together with the Change of Control Event, each a "**Back-Up Facilitator Termination Event**"),

provided that, in the case of a Back-Up Facilitator Downgrade Event, Lloyds Bank plc may not be appointed as the back-up servicer.

Resignation and Termination of the Back-Up Facilitator

The Issuer will, after the resignation or termination of the appointment of Lloyds Bank plc as Back-Up Facilitator, promptly identify a suitable entity to act as Replacement Back-Up Facilitator. No resignation or termination of the appointment of the Back-Up Facilitator will become effective until a Replacement Back-Up Facilitator has been appointed, with notice of the appointment of a Replacement Back-Up Facilitator to be given to the Issuer and the Rating Agencies (if given by the Security Trustee), or the Seller, Rating Agencies and the Security Trustee (if given by the Issuer).

Cash Management Agreement

General

Black Horse will act as a Cash Manager under the Cash Management Agreement. The Cash Manager will manage the Issuer's accounts, including the Liquidity Reserve Account, and arrange for payments to be made on behalf of the Issuer from such accounts on the basis of information in the Monthly Report in accordance with the applicable Priority of Payments set out in "*Terms and Conditions of the Notes*". If the Monthly Report is not delivered to the Cash Manager, the Cash Manager will not be obliged to make payments other than payment of the Issuer expenses, the servicing fee and the amounts required under the Rated Notes in accordance with the applicable Priority of Payments set out in "*Terms and Conditions of the Notes*".

For further information on the Cash Manager, see "*The Seller, Servicer, Cash Manager, Subordinated Loan Provider and Swap Counterparty*".

Resignation and Termination of the Cash Manager

Black Horse's appointment as Cash Manager may be terminated by the Security Trustee (acting on the directions of the Trustee, itself directed by the Noteholders) or by the Issuer with the Security Trustee's consent after the occurrence of the following events, each a "**Cash Manager Termination Event**":

- (a) subject to certain cure periods, the Cash Manager defaults on a payment to be made by Black Horse under the Cash Management Agreement;

- (b) subject to certain cure periods, the Cash Manager fails to fulfil any other obligation imposed on it under the Cash Management Agreement;
- (c) an insolvency of the Cash Manager; or
- (d) a FATCA Deduction is imposed on any payment made by the Cash Manager under the Cash Management Agreement, which cannot be avoided by reasonable measures.

The Cash Manager is entitled for a period of 20 Business Days from receipt of any notice of any breach in the performance of the Cash Management Services by any sub-contractor or delegate of the Cash Manager from the Issuer or the Security Trustee to remedy such breach before it is treated as a breach of the Cash Management Agreement by the Cash Manager, including for the purposes of paragraphs (a) and (b) above.

Notice of the termination of the Cash Manager shall be given to the Rating Agencies.

If the Cash Manager's appointment is terminated following a Cash Manager Termination Event, or if the Cash Manager resigns having given at least 12 months' notice to the Issuer, the Security Trustee and the Seller (with a copy to each Rating Agency), the Cash Manager shall (with the assistance of the Back-Up Facilitator) assist in a transfer to a substitute cash manager. In no event will the Trustee and/or the Security Trustee be required to act as Cash Manager. No termination of the Cash Manager will become effective until a replacement cash manager has been appointed.

In return for the services provided, the Cash Manager will receive a fee on each Payment Date equal to one twelfth of £10,000 (inclusive of VAT, if any) paid monthly in arrears in accordance with the applicable Priority of Payments.

Liquidity Reserve Fund

A Liquidity Reserve Fund will be put in place to make up certain shortfalls in Available Interest Collections. The Liquidity Reserve Fund will be funded on the Closing Date using the proceeds of the Liquidity Reserve Loan and thereafter applied as Available Interest Collections on each Payment Date and replenished in accordance with the applicable Priority of Payments.

For more details about the Liquidity Reserve Fund, see the section entitled "*Cashflows – Payments of Interest – Liquidity Reserve Fund*".

Ledgers

The Cash Manager will maintain the Principal Deficiency Ledger and the Liquidity Reserve Ledger.

The Swap Agreement

On the Closing Date, the Issuer will enter into a fixed/floating interest rate swap transaction with the Swap Counterparty, under an International Swaps and Derivatives Association Inc. 1992 Master Agreement, in order to address certain risks arising as a result of a fixed rate of interest payable under the Purchased Receivables and the Issuer paying a floating rate of interest under the Floating Rate Notes (the "**Swap Transaction**", which forms part of the Swap Agreement).

Pursuant to the terms of the Swap Transaction, on each Payment Date commencing on the first Payment Date and ending on the earlier of the Final Legal Maturity Date and the date on which all of the Floating Rate Notes have been redeemed in full (other than pursuant to Condition 5(b) (*Redemption for taxation and other reasons*)) or if an Enforcement Notice is served on the Issuer), the Issuer will make fixed rate payments in sterling (calculated at a rate of 1.40% per annum) to the Swap Counterparty which the Issuer will fund using payments which it receives from the Purchased Receivables. The Swap Counterparty will, on the corresponding Payment Date, make floating rate payments in sterling (calculated by reference to Compounded Daily SONIA) to the Issuer. The fixed and floating rate payments will be calculated by reference to the notional amount of the Swap Transaction for each Calculation Period (as defined in the Swap Agreement, a "**Swap Calculation Period**") under the Swap Transaction. Such notional amount will be equal to the aggregate of the Principal Amount Outstanding of the Rated Floating Rate Notes as at close of business on the day on which the relevant Swap Calculation Period commenced (or in the case of the first Swap Calculation Period, the Principal Amount Outstanding of the Rated Floating Rate Notes on the Closing Date). The amounts payable by the Issuer and the Swap Counterparty under the Swap Agreement

will be netted so that only a net amount will be due from the Issuer or the Swap Counterparty (as the case may be) on an Payment Date.

Under a guarantee in relation to the Swap Agreement, the Swap Guarantor will provide a guarantee in favour of the Issuer (the "**Swap Guarantee**") in respect of the payment and delivery obligations of the initial Swap Counterparty under the Swap Agreement. The Swap Guarantee will terminate upon: (a) the Swap Counterparty, or its successors, assignees or transferees, acquiring the Required Ratings (as defined in the Swap Guarantee); (b) the Swap Counterparty, or its successors, assignees or transferees, procuring either (i) another person with the Required Ratings (as defined in the Swap Guarantee) or (ii) another person who the Rating Agencies have confirmed would maintain the ratings of the Rated Notes at the level at which it was prior to such procurement, to become co-obligor or guarantor in respect of the Swap Counterparty's payment and delivery obligations under the Swap Agreement and, in the case of a guarantee, such guarantee is an Eligible Guarantee (as defined in the Swap Agreement); (c) the obligations of the Swap Counterparty under the Swap Agreement being irrevocably discharged in full; or (d) the Swap Counterparty assigning or novating any of its rights, undertakings or obligations under the Swap Agreement without the express written consent of the Swap Guarantor.

Ratings downgrade of a Swap Counterparty

Under the terms of the Swap Agreement, in the event that the relevant rating(s) of the Swap Counterparty (or its co-obligor or guarantor, if applicable) assigned by a Rating Agency is or are below the required ratings (a "**Swap Counterparty Required Ratings Downgrade**") as specified in the section entitled "*Triggers Tables – Ratings Trigger Table*" (the "**Swap Counterparty Required Ratings**"), the Swap Counterparty will, in accordance with the Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Swap Agreement and at its own cost which may include providing collateral for its obligations under the Swap Agreement ("**Swap Collateral**"), and/or arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Counterparty Required Ratings, procuring another entity with the Swap Counterparty Required Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action (or inaction) that would result in the rating of the Rated Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by the relevant Rating Agency.

To the extent required to be provided as set out above (or if voluntarily elected), Swap Collateral will be provided on a daily basis under a Credit Support Annex and may take the form of cash or government bonds denominated in sterling (as set out in the Swap Agreement). The Swap Counterparty will be responsible for determining (in accordance with stipulated parameters) the amount of Swap Collateral which is required to be transferred. Any Swap Collateral provided will be transferred by the Swap Counterparty to the Swap Collateral Account. The Swap Counterparty may from time to time be required to transfer additional Swap Collateral, or may be entitled to require a transfer of equivalent Swap Collateral to it (**provided that** the Issuer will not be required to transfer equivalent Swap Collateral of a value which is greater than the Swap Collateral transferred to it). In certain circumstances of termination of the Swap Agreement, the value of Swap Collateral then held in the Swap Collateral Account will be taken into account in determining the respective obligations of the parties to the Swap Agreement as described below. Swap Collateral will not form part of Available Interest Collection.

If the Swap Counterparty fails to comply with its obligations under the Swap Agreement following a Swap Counterparty Required Ratings Downgrade, then the Issuer will in such circumstances be entitled (but not obliged) to terminate the relevant Swap Agreement.

Termination rights and payments

The Swap Transaction may be terminated in certain circumstances, including, but not limited to, the following, each as more specifically defined in the Swap Agreement:

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;
- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;

- (d) if a change of law results in the obligations of one of the parties becoming illegal;
- (e) there is a change in tax law, which has the effect that a party to the Swap Agreement will, or there is a substantial risk that it will, be required to make any withholding in respect of any payments to the other party;
- (f) if the Swap Counterparty is downgraded and fails to comply with the requirements of the DBRS or S&P downgrade provisions contained in the Swap Agreement (as described above);
- (g) an Enforcement Notice is served on the Issuer pursuant to Condition 10 (*Events of Default*);
- (h) if any of Priority of Payments are amended (in any case, other than in accordance with the Deed of Charge, or with the prior written consent of the Swap Counterparty, as the case may be), such that the Issuer's obligations to the Swap Counterparty under this Agreement are further contractually subordinated to the Issuer's obligations to any of the other Secured Parties;
- (i) if any of the Transaction Documents is amended without the Swap Counterparty's prior written consent, such that the Swap Counterparty would, immediately after such amendment, be required to pay more or receive less under the Swap Agreement than would otherwise have been the case immediately prior to such amendment; or
- (j) if an irrevocable notice is given that redemption of all of the Notes will occur pursuant Condition 5(b) (*Redemption for taxation and other reasons*).

Upon an early termination of the Swap Transaction, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other. Any such payment, if due from the Issuer to the Swap Counterparty, will rank in order of priority as described in the section entitled "*Cashflows – Priority of Payments*". The Issuer will use commercially reasonable endeavours to enter into a replacement Swap Transaction on acceptable terms.

For the purposes of the applicable Priority of Payments, "**Swap Counterparty Subordinated Amounts**" means the amount, if any, due to the Swap Counterparty on that Payment Date pursuant to Section 6(e) of the Swap Agreement in connection with a termination of the Swap Agreement (after application of netting against any Swap Collateral previously posted by the Swap Counterparty) where such termination has arisen as a result of an Event of Default under the Swap Agreement where the Swap Counterparty is the Defaulting Party or as a result of an Additional Termination Event under the Swap Agreement which results from a downgrade by one or more Rating Agencies of the Swap Counterparty and the failure by the Swap Counterparty to take one or more of the actions specified in the Swap Agreement (and for these purposes Event of Default, Defaulting Party and such Additional Termination Events have the meanings indicated in the Swap Agreement).

The termination payment will be calculated and paid in sterling. The amount of any termination payment will be based on the market value of the terminated Swap Transaction as determined on the basis of quotations sought from leading dealers as to the costs of entering into a transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will separately include any unpaid amounts that became due and payable prior to the date of termination, taking account of any Swap Collateral transferred by the Swap Counterparty to the Issuer. If an early termination date is designated in respect of the Swap Transaction at a time when the Swap Counterparty is (A) the Affected Party in respect of an Additional Termination Event or a Tax Event Upon Merger or (B) the Defaulting Party in respect of any Event of Default (each term as defined in the Swap Agreement), then the Issuer will determine the amount payable in respect of the terminated transactions by assessing the value of Firm Offers (as defined in the Swap Agreement) for a replacement transaction that is, in all material respects, no less beneficial for Issuer than those of the Swap Agreement (or in certain circumstances where there are no Firm Offers, the Issuer's loss). If there are multiple Firm Offers, the Issuer may select the lowest.

Where the Issuer enters into a further Swap Agreement to replace the existing Swap Agreement which terminates early, the Issuer shall upon receipt apply the amount of premium, if any, received in consideration for entry into that replacement Swap Agreement the ("**Swap Replacement Premium**") in or

towards payment of any termination payment then payable by the Issuer to the Swap Counterparty in respect of that Swap Agreement which has terminated early and the remainder of that amount, if any, shall be credited to the Distribution Account.

Any amount attributable to the return of collateral to the Swap Counterparty and any Swap Replacement Premium applied by the Issuer in making any swap termination payment due from the Issuer to the Swap Counterparty will be paid directly to the Swap Counterparty in accordance with the Swap Collateral Account Priority of Payments and not in accordance with the Priorities of Payments. Any swap termination payment applied by the Issuer in the purchase of one or more replacement hedging transactions shall be applied directly to such purchase in accordance with the Swap Collateral Account Priority of Payments and shall not be paid in accordance with the applicable Priorities of Payments.

If the Issuer receives any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to a deduction or withholding that gave rise to the payment by a Swap Counterparty of an additional amount to ensure that the Issuer receives the full amount it would otherwise have received from the relevant Swap Counterparty, then an amount equal to the net cash received by the Issuer in respect of such tax credit, allowance, set-off or repayment (a "**Swap Tax Credit**") shall be paid directly to the Swap Counterparty in accordance with the Swap Collateral Account Priority of Payments and not in accordance with the applicable Priorities of Payments.

Depending on the terms of the Swap Transaction and the circumstances prevailing at the time of termination, any such termination payment due to the Swap Counterparty could be substantial and may affect the funds available to pay amounts due to the Noteholders.

The Swap Counterparty may, subject to certain conditions specified in the Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Swap Agreement to another entity with the Swap Counterparty Required Ratings.

Security and Ranking

The Issuer's rights against the Swap Counterparty under the Swap Agreement and the Swap Guarantor under the Swap Guarantee will be secured under the Deed of Charge. In the event of the Charged Property being enforced thereunder, such obligations (other than certain Swap Counterparty Subordinated Amounts) will rank ahead of or *pari passu* with payments in respect of the Notes.

Withholding Tax

All payments to be made by a party under the Swap Agreement are to be made without withholding or deduction for or on account of any tax unless such withholding or deduction is required by applicable law (as modified by the practice of any relevant tax authority). Each of the Issuer and the Swap Counterparty will represent, on entering into the Swap Agreement, that it is not obliged to make any such deduction or withholding under current taxation law and practice. If the Issuer is required to make such a withholding or deduction from any payment to be made to the Swap Counterparty under the Swap Agreement, then the Issuer will not be obliged to pay any additional amounts to the Swap Counterparty in respect of the amounts so required to be withheld or deducted. If the Swap Counterparty is required to make such a withholding or deduction from any payment to the Issuer under the Swap Agreement, it shall pay to the Issuer such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such deduction or withholding been required (subject to certain limited exceptions). If the requirement to withhold or deduct is a result of a change in law (or in the application or official interpretation thereof), the party receiving a reduced payment or that is required to make an additional payment, as the case may be, will have the right to terminate the Swap Agreement (subject to the Swap Counterparty's obligation to use all reasonable efforts (provided that such efforts shall not require the Swap Counterparty to incur a loss, excluding immaterial, incidental expenses) to transfer its rights and obligations under the Swap Agreement to another of its offices or affiliates such that payments made by or to that office or affiliate under the Swap Agreement can be made without any withholding or deduction for or on account of tax).

Account Bank Agreement

General

The bank accounts described below will be utilised in the securitisation transaction and the Issuer's interest in such accounts will form part of the security for the Notes. Each account was established and will be maintained with Lloyds Bank plc (as "**Account Bank**"), whose principal place of business is at 25 Gresham Street, London EC2V 7HN.

The Account Bank's long-term senior debt has been assigned a rating of A+ by S&P and a long-term critical obligations rating of A (high) by DBRS.

For further information on the Account Bank, see the section entitled "*The Collection Account Bank, Back-Up Facilitator and Swap Guarantor*".

If any recognised overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority is negative or zero, or any market counterpart or other institution applies a negative interest rate or any similar charge to any account or balance of the Account Bank or any Issuer Account, the Account Bank may apply a charge to such Issuer Account or balances which shall be payable in accordance with the applicable Priority of Payments. The Account Bank will give the Cash Manager prompt written notice of the application of any such charges and of the methodology by which they are applied and the Cash Manager shall forward the Security Trustee and the Issuer a copy of such notice.

The Issuer's Distribution Account, Liquidity Reserve Account and Swap Collateral Account are required to be maintained at a Qualified Institution. If at any time the Account Bank ceases to be a Qualified Institution, then the Issuer and Black Horse will, in the case of a downgrade by S&P and/or DBRS, within 60 days of such time, transfer the relevant accounts to another bank or banks that are Qualified Institutions or take one of the other actions referred to in "*Triggers Tables – Rating Triggers Table*" above.

The Issuer may terminate the appointment of the Account Bank **provided that** a replacement Account Bank has been appointed. The Account Bank may resign by giving the Issuer, the Security Trustee and the Cash Manager at least two months' prior notice (or a shorter period of notice in certain circumstances). However, such resignation will not take effect until a successor account bank is appointed.

Liquidity Reserve Account

The Liquidity Reserve Account will hold the Liquidity Reserve Fund and be credited up to the aggregate of the Class A Liquidity Reserve Fund Required Amount, the Class B Liquidity Reserve Fund Required Amount, the Class C Liquidity Reserve Fund Required Amount, the Class D Liquidity Reserve Fund Required Amount and the Class E Liquidity Reserve Fund Required Amount and debited as described in the section entitled "*Cashflows – Payments of Interest – Liquidity Reserve Fund*".

Swap Collateral Account

The Swap Collateral Account will be operated in accordance with the Cash Management Agreement, the Deed of Charge and the Swap Agreement, as described in the section entitled "*Cashflows – Swap Collateral*".

Deed of Charge

General

The Notes are secured under and on the terms set out in a Deed of Charge between the Issuer and the Security Trustee on all the assets of the Issuer.

Enforcement of the Security

The Security becomes enforceable when the Trustee serves an Enforcement Notice on the Issuer and the Security Trustee. Following delivery of an Enforcement Notice, the Trustee may at its discretion direct the Security Trustee to take action to enforce the Security, and will direct the Security Trustee to take such action to enforce the Security as directed by the Controlling Class acting by way of Written Resolution or

by way of an Extraordinary Resolution subject to the Trustee and the Security Trustee having been indemnified and/or secured and/or prefunded to their satisfaction.

To the extent that the Trustee acts in compliance with such directions of the Controlling Class, it will have no obligation to take the interests of any other party into account or to follow a direction given by any other party. Only the Trustee and the Security Trustee may enforce the rights of the Noteholders against the Issuer, whether the same arise under general law, the terms and conditions of the Notes, a transaction document or otherwise.

Application of Proceeds – Accelerated Priority of Payments

On enforcement of the Security, the Security Trustee is required to apply moneys available for distribution to satisfy the amounts owing by the Issuer in the Accelerated Priority of Payments set out in "*Terms and Conditions of the Notes*".

Shortfall after Application of Proceeds

If the net proceeds of the Security being enforced and liquidated under the Deed of Charge are not sufficient to pay the Notes after payment of all other claims ranking in priority to the Notes, the obligations of the Issuer under the Notes will be limited to such net proceeds and no other assets of the Issuer will be available for any further payments on the Notes. The right to receive any further payments will be extinguished.

Trust Deed

The Notes will be constituted pursuant to the Trust Deed to be entered into on the Closing Date between the Issuer and the Trustee.

U.S. Bank Trustees Limited will agree to act as Trustee subject to the conditions contained in the Trust Deed.

The Trust Deed contains provisions requiring the Trustee to take into account the interests of the holders of all Classes of Notes issued by the Issuer equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee to take into account only the interests of the Controlling Class if, in the opinion of the Trustee there is a conflict between the interests of the Controlling Class and the holders of the other Class of Notes.

The Trust Deed will contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances.

The Trust Deed provides that the Trustee will be obliged to take action on behalf of the Noteholders and the Secured Parties in certain circumstances, **provided always that** the Trustee is indemnified and/or secured and/or prefunded to its satisfaction. Further, the Trustee will not be obliged to act on behalf of the Noteholders or any other Secured Parties where it would not have the power to do so by virtue of any applicable law or where such action would be illegal in any applicable jurisdiction.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Trustee for its services under the Trust Deed at the rate and times agreed (and as amended from time to time) between the Issuer and the Trustee together with payment of any liabilities incurred by the Trustee in relation to the Trustee's performance of its obligations under the Trust Deed.

The Conditions of the Notes, including a summary of the provisions regarding Meetings of the Noteholders, are reproduced in full in the section headed "*Terms and Conditions of the Notes*".

Subordinated Loan Note Issuance Agreement

Black Horse Limited, as Subordinated Loan Provider, will make available to the Issuer under the Subordinated Loan Note Issuance Agreement, to be drawn down by the Issuer on the Closing Date:

- (a) a loan facility to fund the Liquidity Reserve Fund to the aggregate of the Class A Liquidity Reserve Fund Required Amount, the Class B Liquidity Reserve Fund Required Amount, the Class C Liquidity Reserve Fund Required Amount, the Class D Liquidity Reserve Fund Required Amount and the Class E Liquidity Reserve Fund Required Amount (the "**Liquidity Reserve Loan**"); and

- (b) a loan facility to fund certain expenses of the Issuer in connection with the establishment of the transaction (the "**Issuer Expenses Loan**").

Payments of interest and principal on the Issuer Expenses Loan and payments of interest on the Liquidity Reserve Loan will be made on each Payment Date in accordance with the Subordinated Loan Note Issuance Agreement and the applicable Priority of Payments.

Payment of principal on the Liquidity Reserve Loan will be made:

- (a) on the Payment Date on which the Class A Notes will be repaid in full, in an amount equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date in accordance with item (viii)(b) of the Interest Priority of Payments, subject to there being sufficient Available Interest Collections available to be applied in accordance with that item in accordance with the Interest Priority of Payments and, to the extent that there are insufficient such Available Interest Collections, any amount of the Liquidity Reserve Loan remaining to be repaid will be repaid on each Payment Date thereafter in accordance with item (xxviii)(a) of the Interest Priority of Payments;
- (b) on the Payment Date on which the Class B Notes will be repaid in full, in an amount equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date in accordance with item (xi)(b) of the Interest Priority of Payments, subject to there being sufficient Available Interest Collections available to be applied in accordance with that item in accordance with the Interest Priority of Payments and, to the extent that there are insufficient such Available Interest Collections, any amount of the Liquidity Reserve Loan remaining to be repaid will be repaid on each Payment Date thereafter in accordance with item (xxviii)(b) of the Interest Priority of Payments;
- (c) on the Payment Date on which the Class C Notes will be repaid in full, in an amount equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date in accordance with item (xiv)(b) of the Interest Priority of Payments, subject to there being sufficient Available Interest Collections available to be applied in accordance with that item in accordance with the Interest Priority of Payments and, to the extent that there are insufficient such Available Interest Collections, any amount of the Liquidity Reserve Loan remaining to be repaid will be repaid on each Payment Date thereafter in accordance with item (xxviii)(c) of the Interest Priority of Payments;
- (d) on the Payment Date on which the Class D Notes will be repaid in full, in an amount equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date in accordance with item (xvii)(b) of the Interest Priority of Payments, subject to there being sufficient Available Interest Collections available to be applied in accordance with that item in accordance with the Interest Priority of Payments and, to the extent that there are insufficient such Available Interest Collections, any amount of the Liquidity Reserve Loan remaining to be repaid will be repaid on each Payment Date thereafter in accordance with item (xxviii)(d) of the Interest Priority of Payments; and
- (e) on the Payment Date on which the Class E Notes will be repaid in full, in an amount equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date in accordance with item (viii)(b) of the Interest Priority of Payments, subject to there being sufficient Available Interest Collections available to be applied in accordance with that item in accordance with the Interest Priority of Payments and, to the extent that there are insufficient such Available Interest Collections, any amount of the Liquidity Reserve Loan remaining to be repaid will be repaid on each Payment Date thereafter in accordance with item (xxviii)(e) of the Interest Priority of Payments.

Any amounts in the Liquidity Reserve Fund will be applied on the Final Legal Maturity Date or following the delivery of an Enforcement Notice in payment of principal on the Liquidity Reserve Loan.

Governing law

All of the Transaction Documents and all non-contractual obligations arising out of or in connection with the Transaction Documents will be governed by English law.

CREDIT ENHANCEMENT

This securitisation transaction is structured to provide credit enhancement that increases the likelihood that the Issuer will make timely payment of interest and principal on the Rated Notes and decrease the likelihood that losses on the Receivables will impair the Issuer's ability to do so. Credit enhancement may not provide protection against all risks of loss and does not guarantee payment of interest and repayment of the entire principal amount of the Notes. If losses on Receivables exceed the credit enhancement available, Noteholders will bear their allocable share of the loss. The Noteholders will have no recourse to Black Horse as a source of payment.

Subordination

This securitisation transaction is structured so that the Issuer will pay interest on the Class A Notes, then will pay interest on the Class B Notes, then will pay interest on the Class C Notes, then will pay interest on the Class D Notes, then will pay interest on the Class E Notes, and then will pay interest on the Class S Notes. The Issuer will not pay interest on:

- (a) the Class B Notes until all interest due on the Class A Notes is paid in full;
- (b) the Class C Notes until all interest (including any Deferred Interest and Additional Interest) due on the Class A Notes and the Class B Notes is paid in full;
- (c) the Class D Notes until all interest (including any Deferred Interest and Additional Interest) due on the Class A Notes, the Class B Notes and the Class C Notes is paid in full;
- (d) the Class E Notes until all interest (including any Deferred Interest and Additional Interest) due on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is paid in full; or
- (e) the Class S Notes until all interest (including any Deferred Interest and Additional Interest) due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is paid in full.

Prior to delivery of an Enforcement Notice, the Issuer will repay principal sequentially to each Class of Notes in order of seniority. The Issuer will not repay principal on:

- (a) the Class B Notes until the principal amounts of the Class A Notes are repaid in full;
- (b) the Class C Notes until the principal amounts of the Class A Notes and the Class B Notes are repaid in full;
- (c) the Class D Notes until the principal amounts of the Class A Notes, the Class B Notes and the Class C Notes are repaid in full;
- (d) the Class E Notes until the principal amounts of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are repaid in full; or
- (e) the Class S Notes until the principal amounts of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are repaid in full.

If the Notes are accelerated after an Event of Default, the Priority of Payments will change and the Issuer will not pay interest or principal on:

- (a) the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes until both interest and principal on all the Class A Notes is paid or repaid in full;
- (b) the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes until both interest (including any Deferred Interest and Additional Interest) and principal on all the Class A Notes and the Class B Notes is paid or repaid in full;
- (c) the Class D Notes, the Class E Notes and the Class S Notes until both interest (including any Deferred Interest and Additional Interest) and principal on all the Class A Notes, the Class B Notes and the Class C Notes is paid or repaid in full;

- (d) the Class E Notes and the Class S Notes until both interest (including any Deferred Interest and Additional Interest) and principal on all the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is paid or repaid in full; or
- (e) the Class S Notes until both interest (including any Deferred Interest and Additional Interest) and principal on all the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is paid or repaid in full.

These subordination features provide credit enhancement to the Rated Notes.

Excess Spread

On each Payment Date, excess spread for a Class of Rated Notes is the amount of any excess Available Interest Collections following the payment of prior ranking items in the Interest Priority of Payments, including the sum of the Trustee and Security Trustee fees and other senior expenses of the Issuer, the Servicing Fee, payments to the Swap Counterparty, interest on that Class of Rated Notes and all Classes of Rated Notes ranking senior to that Class of Rated Notes and the replenishment of the relevant part of the Liquidity Reserve Fund (or the partial repayment of the Liquidity Reserve Loan, as applicable). The amount of excess spread will depend on factors such as the customer rate on the Receivables, prepayments and losses.

Excess spread in relation to a Class of Rated Notes will be used to cover Deficiencies recorded to the relevant sub-ledger of the Principal Deficiency Ledger in respect of that Class of Rated Notes. Remaining amounts will be used to cover Deficiencies recorded to the Class S Principal Deficiency Ledger and then paid to, among others, the Class S Noteholders as interest on the Class S Notes, the Swap Counterparty as Swap Counterparty Subordinated Amounts, the Subordinated Loan Provider as payments of interest and principal on the Subordinated Loan, and the Seller as Deferred Purchase Price.

Accordingly, excess spread provides a source of funds to absorb any losses on the Receivables and reduces the likelihood of losses on the Notes.

MATURITY AND PREPAYMENT CONSIDERATIONS

General

The amount of principal payments that will be made on the Notes on each Payment Date is not certain because that amount will depend on the amount of principal payments, including prepayments, received on the Receivables during the Collection Period. The Final Legal Maturity Date for each Class of Notes is listed on the cover of this Prospectus. These dates have been calculated for each Class of Notes assuming all Receivables pay as scheduled with no delays, defaults or prepayments. The Issuer expects that the final payment of each Class of Notes will occur before its Final Legal Maturity Date. The final payment of a Class of Notes could occur significantly earlier than such Class's Final Legal Maturity Date.

Prepayments

"Prepayments" on the Receivables will occur in the following circumstances:

- Customers may prepay their Receivable Agreements in full or in part at any time;
- Vehicle Proceeds on Defaulted Receivables, VT Receivables or PCP Handback Receivables may be received; and
- proceeds from claims on insurance policies covering the Financed Vehicles or the Customers may be received.

In addition:

- the Seller may be required to repurchase Non-Compliant Receivables from the Issuer on the occurrence of breaches of representations and warranties, or to indemnify for any CCA Compensation Amount, Set-Off Indemnity Amount or Receivables Indemnity Amount, as described under "*Principal Transaction Documents – Receivables Sale Deed*" if the Seller fails to remedy the breach within the applicable timeframe;
- the Seller may be required to repurchase Receivables that are or have been the subject of a Non-Permitted Variation;
- the Seller may, but will not be required to, repurchase Non-Eligible Receivables;
- the Servicer, for so long as Black Horse is Servicer, may be required to purchase Receivables if the Servicer breaches its servicing obligations, as described under "*Principal Transaction Documents – Servicing Agreement*"; and
- the Seller will have the option to purchase all but not some of the Receivables from the Issuer on a Payment Date when the aggregate Principal Amount Outstanding of the Rated Notes is 10% or less of the aggregate Principal Amount Outstanding of the Rated Notes as at the Closing Date, **provided that** sufficient funds are available to pay in full both the principal and the interest under the Notes and all items ranking in priority to principal and interest and other amounts due in respect of the Notes in accordance with the Interest Priority of Payments and the Principal Priority of Payments.

The short-term nature and smaller principal amount of Receivable Agreements makes the benefit of refinancing smaller. Furthermore, the use of low-rate financing to increase sales of New Vehicles limits the situations in which a Customer could take advantage of lower rates by refinancing.

Reinvestment risk resulting from a faster or slower rate of Prepayment of Receivables will be borne entirely by the Noteholders. Higher than anticipated rates of Prepayment and defaults on the Receivables will cause principal to be paid to the Noteholders faster than expected. Noteholders will bear the risk of not being able to reinvest the principal repaid faster than expected at a rate of return that is equal to or greater than the rate of return on the Notes. Noteholders may also have to wait longer than anticipated to receive principal payments if Prepayment rates are slower than assumed, exposing them to reinvestment risk at the time principal is paid or to lost investment opportunities that may arise before receipt of principal from the Issuer.

Weighted Average Lives of the Notes

The expression "weighted average life" refers to the average amount of time from the Closing Date to the date of payment to the Noteholder of each pound Sterling paid in reduction of the Principal Amount Outstanding of the Notes (assuming no losses). The weighted average life of the Notes will be influenced by, among other things, the rate at which principal is paid on the Receivables, which may occur through scheduled payments, Prepayments or enforcement proceedings.

Prepayments on auto receivables are commonly measured relative to a constant prepayment standard or model. The model used in this Prospectus for the Receivables is constant prepayment rates or "CPR", which represents an assumed rate of prepayments each month relative to the then aggregate Outstanding Principal Balance of the Receivables for the life of such Receivables.

The tables below have been prepared on the basis of the following assumptions:

- no Event of Default occurs;
- no Purchased Receivable is sold by the Issuer;
- there are no delinquencies, defaults or voluntary terminations on the Purchased Receivables, and principal payments on the Purchased Receivables will be received on a timely basis together with prepayments, if any, at the CPR set out in the table;
- payments on the Notes are made on the 21st day of each month and the first Payment Date is 21 March 2022;
- calculations are made on an Actual/365 basis;
- the Notes are issued on 7 February 2022;
- Black Horse exercises the 10% Clean-Up Call on the first Payment Date that the option is available;
- there are no Remaining Interest Collection Shortfalls in any period; and
- the amortisation profile of the assets is assumed to be the same as the profile of the Provisional Portfolio calculated as at 7 December 2021.

The actual characteristics and performance of the Receivables transferred to the Issuer will differ from the assumptions used in constructing the CPR tables. The CPR tables only give a general sense of how each Class of Notes may amortise at different assumed CPR rates with other assumptions held constant. It is unlikely that the Receivables will prepay at a constant rate until maturity and that there will be no delinquencies or losses on the Receivables. The diverse terms of the Receivables could produce slower or faster principal prepayments than indicated in the CPR tables. Any difference between these assumptions and the actual characteristics and performance of the Receivables, or actual prepayment or loss experience, will affect the percentages of the weighted average life and period during which principal is paid on each Class of Notes.

Weighted average life (years) – Assuming exercise of the 10% Clean-up Call						
CPR	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class S Notes
0.0%.....	1.50	2.63	2.82	2.93	2.96	2.96
2.5%.....	1.44	2.58	2.78	2.87	2.87	2.87
7.5%.....	1.32	2.46	2.72	2.84	2.87	2.87
12.5%.....	1.21	2.34	2.64	2.78	2.79	2.79
17.5%.....	1.10	2.23	2.54	2.69	2.70	2.70
22.5%.....	1.01	2.13	2.40	2.61	2.62	2.62
27.5%.....	0.92	2.02	2.27	2.45	2.45	2.45

Weighted average life (years) – Assuming no exercise of the 10% Clean-up Call						
CPR	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class S Notes
0.0%.....	1.50	2.63	2.82	2.96	3.12	3.27
2.5%.....	1.44	2.58	2.78	2.93	3.09	3.26
7.5%.....	1.32	2.46	2.72	2.86	3.03	3.24
12.5%.....	1.21	2.34	2.64	2.80	2.96	3.22
17.5%.....	1.10	2.23	2.54	2.73	2.88	3.18

CPR	Weighted average life (years) – Assuming no exercise of the 10% Clean-up Call					
	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class S Notes
22.5%.....	1.01	2.13	2.40	2.64	2.82	3.14
27.5%.....	0.92	2.02	2.27	2.54	2.75	3.09

Assumed amortisation of the Notes

This amortisation scenario is based on the assumptions listed above under "*Weighted Average Lives of the Notes*" and is assuming a CPR of 17.5%. It should be noted that the actual amortisation of the Rated Notes may differ substantially from the amortisation scenario indicated below.

Payment Date	Percentage of Principal Amount Outstanding on the Closing Date					
	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class S Notes
Closing Date	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Mar-22	95.92%	100.00%	100.00%	100.00%	100.00%	100.00%
Apr-22	91.93%	100.00%	100.00%	100.00%	100.00%	100.00%
May-22	88.02%	100.00%	100.00%	100.00%	100.00%	100.00%
Jun-22	84.12%	100.00%	100.00%	100.00%	100.00%	100.00%
Jul-22	80.20%	100.00%	100.00%	100.00%	100.00%	100.00%
Aug-22	76.20%	100.00%	100.00%	100.00%	100.00%	100.00%
Sep-22	72.15%	100.00%	100.00%	100.00%	100.00%	100.00%
Oct-22	67.82%	100.00%	100.00%	100.00%	100.00%	100.00%
Nov-22	63.30%	100.00%	100.00%	100.00%	100.00%	100.00%
Dec-22	59.08%	100.00%	100.00%	100.00%	100.00%	100.00%
Jan-23	54.92%	100.00%	100.00%	100.00%	100.00%	100.00%
Feb-23	50.92%	100.00%	100.00%	100.00%	100.00%	100.00%
Mar-23	47.02%	100.00%	100.00%	100.00%	100.00%	100.00%
Apr-23	42.80%	100.00%	100.00%	100.00%	100.00%	100.00%
May-23	38.95%	100.00%	100.00%	100.00%	100.00%	100.00%
Jun-23	36.04%	100.00%	100.00%	100.00%	100.00%	100.00%
Jul-23	32.78%	100.00%	100.00%	100.00%	100.00%	100.00%
Aug-23	29.01%	100.00%	100.00%	100.00%	100.00%	100.00%
Sep-23	24.60%	100.00%	100.00%	100.00%	100.00%	100.00%
Oct-23	19.99%	100.00%	100.00%	100.00%	100.00%	100.00%
Nov-23	14.21%	100.00%	100.00%	100.00%	100.00%	100.00%
Dec-23	9.21%	100.00%	100.00%	100.00%	100.00%	100.00%
Jan-24	4.48%	100.00%	100.00%	100.00%	100.00%	100.00%
Feb-24	0.20%	100.00%	100.00%	100.00%	100.00%	100.00%
Mar-24	0.00%	74.32%	100.00%	100.00%	100.00%	100.00%
Apr-24	0.00%	42.61%	100.00%	100.00%	100.00%	100.00%
May-24	0.00%	11.75%	100.00%	100.00%	100.00%	100.00%
Jun-24	0.00%	1.89%	100.00%	100.00%	100.00%	100.00%
Jul-24	0.00%	0.00%	76.00%	100.00%	100.00%	100.00%
Aug-24	0.00%	0.00%	33.43%	100.00%	100.00%	100.00%
Sep-24	0.00%	0.00%	0.00%	85.83%	100.00%	100.00%
Oct-24	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The CPR tables were prepared based on the assumptions described above, including the assumptions regarding the characteristics and performance of the Receivables that will differ from the actual characteristics and performance of the Receivables. You should be sure you understand these assumptions when reading the CPR tables.

Calculations of the estimated weighted average lives of the Notes are derived from information provided by Black Horse.

USE OF PROCEEDS

The proceeds from the sale of the Notes issued, being approximately £610,000,000, will be used by the Issuer to purchase the beneficial interest in the Receivables from Black Horse on the Closing Date. Any surplus of the proceeds from the sale of the Notes over the purchase price for the Receivables will be applied on the first Payment Date as Available Principal Collections.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment, will be applicable to the Notes represented by a note in global form and the Notes in definitive form issued in exchange for the Notes in global form and which will be endorsed on such Notes.

The £414,800,000 Class A Asset-Backed Fixed-Rate Notes due October 2028 (the "**Class A Notes**"), the £65,575,000 Class B Asset-Backed Floating-Rate Notes due October 2028 (the "**Class B Notes**"), the £32,025,000 Class C Asset-Backed Floating-Rate Notes due October 2028 (the "**Class C Notes**"), the £30,500,000 Class D Asset-Backed Floating-Rate Notes due October 2028 (the "**Class D Notes**"), the £21,350,000 Class E Asset-Backed Floating-Rate Notes due October 2028 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Rated Notes**") and the £45,750,000 Class S Asset-Backed Fixed-Rate Notes due October 2028 (the "**Class S Notes**" and, together with the Rated Notes, the "**Notes**") are constituted by a trust deed (the "**Trust Deed**") dated on or around the Closing Date and made between Cardiff Auto Receivables Securitisation 2022-1 PLC (the "**Issuer**") and U.S. Bank Trustees Limited (in such capacity, the "**Trustee**", which expression will include all persons for the time being the trustee or trustees under the Trust Deed) as Trustee for, among others, the Noteholders (as defined in Condition 1 (*Form, denomination and title*)).

The Notes are secured under and on the terms set out in a deed of charge (the "**Deed of Charge**") dated on or around the Closing Date between the Issuer and U.S. Bank Trustees Limited (in such capacity, the "**Security Trustee**", which expression includes its permitted successors and assigns) on certain assets of the Issuer (the "**Charged Property**") including, without limitation, the Issuer's rights, title, interest and benefit, present and future, in, under and to all its assets including the Issuer's rights, title, interest and benefit, present and future, in, under and to the Transaction Documents (as defined below) which include an agency agreement (the "**Agency Agreement**") dated on or around the Closing Date between the Issuer, the Trustee, the Security Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression includes its permitted successors and assigns and, together with any other paying agent appointed, the "**Paying Agents**"), and Elavon Financial Services DAC, UK Branch as registrar (the "**Registrar**", which expression includes its permitted successors and assigns).

The security created under the Deed of Charge, and all further security created under such document, are together referred to as the "**Security**".

Payments under the Notes will be made under the Agency Agreement and the Cash Management Agreement (as defined below).

The Notes, the Trust Deed, the Deed of Charge, the Corporate Services Agreement, the Agency Agreement, the Receivables Sale Deed, the Servicing Agreement, the Back-Up Facilitator Agreement, the Subordinated Loan Note Issuance Agreement, the Swap Agreement, the Swap Guarantee, the Account Bank Agreement, the Sale Notice, the Cash Management Agreement and the Master Framework Agreement are, together with the Conditions (as defined below) referred to as the "**Transaction Documents**". References to each of the Transaction Documents are to it as from time to time modified in compliance with its terms and any deed or other document expressed to be supplemental to it, as from time to time so modified.

Statements in these terms and conditions (the "**Conditions**") are subject to the detailed terms of the Trust Deed, the Deed of Charge, the Agency Agreement and the other Transaction Documents, copies of which are available for inspection at the specified office for the time being of the Principal Paying Agent. The Holders of the Notes have the benefit of, are bound by and are deemed to have notice of all the terms in the Trust Deed, the Deed of Charge, and those applicable to them in the Agency Agreement and the other Transaction Documents.

References to "**Conditions**" are, unless the context otherwise reprises, to the numbered paragraphs of these Conditions. Words and expressions used in these Conditions without definitions will have the meanings given to them in Condition 18 (*Definitions*).

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 8 February 2022.

1. ***Form, denomination and title***

- (a) The Rated Notes are issued in registered global form in the denomination of £100,000 and integral multiples of £1,000 in excess of £100,000, up to and including £199,000.
- (b) The Class S Notes are issued in registered definitive form in one single denomination of £45,750,000.

The Rated Notes which are offered and sold outside the United States to non-US persons in reliance on Regulation S will be represented by beneficial interests in Global Notes. For so long as the Class S Notes are held by Black Horse, the Class S Notes will be represented by beneficial interests in one single Definitive Note. The Global Notes are issued under the NSS.

The Issuer will cause to be kept at the specified office of the Registrar a register (the "**Register**") on which will be entered the names and addresses of the Holders of the Notes and the particulars of such Notes held by them and all transfers, advances, payments (of interest and principal), repayments, redemptions, cancellations and replacements of such Notes. In these Conditions, "**Notes**" means, for each Class of Rated Notes, a Global Note or a Definitive Note, and for the Class S Notes, a Definitive Note, and "**Noteholder**" or the "**Holder**" of a Note at any time means the person (or, in the case of a joint holding, the first named person) in whose name such Note is registered at that time in the Register and "**Class A Noteholder**", "**Class B Noteholder**", "**Class C Noteholder**", "**Class D Noteholder**", "**Class E Noteholder**" and "**Class S Noteholder**" means the Holder of a Class A Note, a Class B Note, a Class C Note, a Class D Note, a Class E Note or a Class S Note, respectively.

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Trustee, the Registrar, the Principal Paying Agent and the other Paying Agents (notwithstanding any notice to the contrary and whether or not it is overdue and notwithstanding any notation of ownership or writing on a Note or notice of a previous loss or theft of a Note) may (i) for the purpose of making payment on or on account of any Note deem and treat the person (or, in the case of a joint holding, the first named person) in whose name any Global Note or Definitive Note is registered at that time in the Register (which will be conclusive evidence of such holding in the absence of manifest error, fraud or wilful default) as the absolute owner of such Note and all rights under such Note free from all encumbrances, and will not be required to obtain further proof of such ownership or as to the identity of the registered Holder of a Global Note or Definitive Note and (ii) for all other purposes deem and treat the person in whose name a Global Note or Definitive Note is registered at the relevant time in the Register as the absolute owner of and of all rights under such Note free from all encumbrances and will not be required to obtain further proof of such ownership or as to the identity of the registered holder of a Global Note or Definitive Note. Notwithstanding the above, so long as any of the Notes are represented by a Global Note, the terms "**Noteholders**" or "**Holder**s" will include the persons then set out in the records of Euroclear and/or Clearstream, Luxembourg, as the holders of a particular principal amount of such Notes (each an "**Accountholder**") in units of £1,000 principal amount of Notes for all purposes other than regarding the payment of principal and interest on such Notes, the right to which will be vested as against the Issuer solely in the Holder of each Global Note under and subject to its terms.

A Note is transferable subject to and in accordance with the restrictions described in these Conditions and in the Trust Deed and the Agency Agreement. A 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 given by the Issuer, the Trustee or any intermediary. Each transferor of a Note agrees to provide notice of the transfer restrictions set out in these Conditions and in the Trust Deed to the transferee.

No transfer of Notes will be valid unless entered on the Register and no transfer Notes will be registered for a period of two Business Days immediately before each Payment Date or Payment Date of the relevant Notes.

Any Rated Notes which are represented by a Global Note will be transferable only in compliance with the rules and procedure for the time being of Clearstream, Luxembourg and Euroclear.

2. **Status and Security**

(a) **Status**

The Notes are direct secured, limited recourse obligations of the Issuer, ranking, as between each Class, *pro rata* and *pari passu* without preference among themselves subject to as set out in these Conditions.

(b) **Security**

As security for the Secured Obligations, the Issuer has entered into the Deed of Charge as described above creating the Security as described above in favour of the Security Trustee for itself and on trust for the Secured Parties.

(c) **Application of proceeds**

The Issuer will use the net proceeds of the issue of the Notes to finance the purchase from Black Horse (the "**Seller**", which expression includes its permitted successors and assigns), of a portfolio of English law governed retail auto receivables (all such purchased receivables, the "**Purchased Receivables**") and all Ancillary Rights further to a sale notice (the "**Sale Notice**") delivered by the Seller under an agreement for the sale and purchase of retail auto receivables dated on or around the Closing Date between the Seller, the Issuer, the Security Trustee and the Trustee (the "**Receivables Sale Deed**"). The Seller will continue to administer and collect the Purchased Receivables as agent for the Issuer in its capacity as servicer ("**Servicer**", which expression includes its permitted successors and assigns) under a receivables servicing agreement dated on or about the Closing Date between the Servicer, the Issuer, the Trustee and the Security Trustee (the "**Servicing Agreement**").

(d) **Ledgers**

A Principal Deficiency Ledger, comprising six sub-ledgers, known as the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and the Class S Principal Deficiency Ledger, will be established by the Cash Manager.

The Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and the Class S Principal Deficiency Ledger will be established in order to record, on each Payment Date:

- (i) any Remaining Interest Collections Shortfall;
- (ii) the Outstanding Principal Balance of each Purchased Receivable that becomes a Defaulted Receivable during the immediately preceding Collection Period; and
- (iii) the Outstanding Principal Balance of each VT Receivable or PCP Handback Receivable in respect of which Vehicle Proceeds were received during the immediately preceding Collection Period,

(each, a "**Deficiency**").

Any Deficiency:

- *first*, shall be entered as a debit on the Class S Principal Deficiency Ledger until the debit balance on such sub-ledger (the "**Class S Principal Deficiency**") is equal to the Principal Amount Outstanding of the Class S Notes;

- *thereafter*, shall be entered as a debit on the Class E Principal Deficiency Ledger until the debit balance on such sub-ledger (the "**Class E Principal Deficiency**") is equal to the Principal Amount Outstanding of the Class E Notes;
- *thereafter*, shall be entered as a debit on the Class D Principal Deficiency Ledger until the debit balance on such sub-ledger (the "**Class D Principal Deficiency**") is equal to the Principal Amount Outstanding of the Class D Notes;
- *thereafter*, shall be entered as a debit on the Class C Principal Deficiency Ledger until the debit balance on such sub-ledger (the "**Class C Principal Deficiency**") is equal to the Principal Amount Outstanding of the Class C Notes; and
- *thereafter*, shall be entered as a debit on the Class B Principal Deficiency Ledger until the debit balance on such sub-ledger (the "**Class B Principal Deficiency**") is equal to the Principal Amount Outstanding of the Class B Notes; and
- *thereafter*, shall be entered as a debit on the Class A Principal Deficiency Ledger until the debit balance on such sub-ledger (the "**Class A Principal Deficiency**") is equal to the Principal Amount Outstanding of the Class A Notes.

On each Payment Date, subject to the Available Interest Collections (other than amounts standing to the credit of the Liquidity Reserve Ledger) being sufficient:

- the Class A Principal Deficiency will be reduced by any funds applied at item (ix) of the Interest Priority of Payments by way of an appropriate credit to be made to the Class A Principal Deficiency Ledger;
- the Class B Principal Deficiency will be reduced by any funds applied at item (xii) of the Interest Priority of Payments by way of an appropriate credit to be made to the Class B Principal Deficiency Ledger;
- the Class C Principal Deficiency will be reduced by any funds applied at item (xv) of the Interest Priority of Payments by way of an appropriate credit to be made to the Class C Principal Deficiency Ledger;
- the Class D Principal Deficiency will be reduced by any funds applied at item (xviii) of the Interest Priority of Payments by way of an appropriate credit to be made to the Class D Principal Deficiency Ledger;
- the Class E Principal Deficiency will be reduced by any funds applied at item (xxi) of the Interest Priority of Payments by way of an appropriate credit to be made to the Class E Principal Deficiency Ledger; and
- the Class S Principal Deficiency will be reduced by any funds applied at item (xxii) of the Interest Priority of Payments by way of an appropriate credit to be made to the Class S Principal Deficiency Ledger.

(e) **Interest Priority of Payments**

Subject to clause 3.5 (*Liability of Cash Manager*) of the Cash Management Agreement, on each Payment Date before the service of an Enforcement Notice, the Available Interest Collections deposited in the Distribution Account (excluding Permitted Exceptions) will be applied by the Principal Paying Agent (acting on the instructions of the Cash Manager as set out in the relevant Monthly Report) in the following order of priority (the "**Interest Priority of Payments**") (**provided that** amounts standing to the credit of the Liquidity Reserve Ledger shall not be applied towards items (ix), (xii), (xv), (xviii), (xxi) or (xxii) below):

- (i) *first*, in or towards retention by the Issuer of the Retained Amount;

- (ii) *second*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Security Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Security Trustee, and to make provision for any amounts due or to become due during the following Calculation Period to the Security Trustee under the Deed of Charge; and
 - (b) the Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Trustee, and to make provision for any amounts due or to become due during the following Calculation Period to the Trustee under the Trust Deed,in each case, together with any arrears remaining unpaid for such amounts;
- (iii) *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Agents together with interest and any amount in respect of VAT (if any) on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Calculation Period to the Agents under the Agency Agreement;
- (iv) *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to any third party creditors of the Issuer (other than those referred to later in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer, up to a maximum amount equal to £20,000, and, to the extent the Retained Amounts are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
- (v) *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Cash Manager, together with any amount in respect of VAT (if any) on those amounts due to the Cash Manager, and to provide for any amounts due or to become due to the Cash Manager in the immediately succeeding Interest Period, under the Cash Management Agreement;
 - (b) the Servicer, together with any amount in respect of VAT (if any) on those amounts due to the Servicer, and to provide for any amounts due or to become due to the Servicer, in the immediately succeeding Interest Period, under the Servicing Agreement;
 - (c) the Corporate Services Provider, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
 - (d) the Account Bank, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Account Bank in the immediately succeeding Interest Period, under the Account Bank Agreement;
 - (e) to the extent applicable, the Back-Up Facilitator, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Back-Up Facilitator in the immediately succeeding Interest Period, under the Back-Up Facilitator Agreement;
 - (f) any auditors of, and other professional advisers to, the Issuer; and

- (g) any Insolvency Official of the Seller, the Incentive Fee (if any);
- (vi) *sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Swap Counterparty together with interest on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Calculation Period to the Swap Counterparty under the Swap Agreement (in each case, other than Swap Counterparty Subordinated Amounts or Swap Counterparty Excluded Amounts);
- (vii) *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders of interest due and payable on the Class A Notes;
- (viii) *eighth*, either:
 - (a) prior to the Payment Date on which the Class A Notes will be repaid in full, in or towards credit to the Class A Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class A Liquidity Reserve Ledger to the Class A Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class A Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
- (ix) *ninth*, in or towards credit to the Class A Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class A Principal Deficiency Ledger to zero;
- (x) *tenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class B Notes;
- (xi) *eleventh*, either:
 - (a) prior to the Payment Date on which the Class B Notes will be repaid in full, in or towards credit to the Class B Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class B Liquidity Reserve Ledger to the Class B Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class B Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date; and
- (xii) *twelfth*, in or towards credit to the Class B Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class B Principal Deficiency Ledger to zero;
- (xiii) *thirteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class C Notes;
- (xiv) *fourteenth*, either:
 - (a) prior to the Payment Date on which the Class C Notes will be repaid in full, in or towards credit to the Class C Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class

- C Liquidity Reserve Ledger to the Class C Liquidity Reserve Fund Required Amount; or
- (b) on the Payment Date on which the Class C Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
- (xv) *fifteenth*, in or towards credit to the Class C Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class C Principal Deficiency Ledger to zero;
 - (xvi) *sixteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class D Notes;
 - (xvii) *seventeenth*, either:
 - (a) prior to the Payment Date on which the Class D Notes will be repaid in full, in or towards credit to the Class D Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class D Liquidity Reserve Ledger to the Class D Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class D Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date;
 - (xviii) *eighteenth*, in or towards credit to the Class D Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class D Principal Deficiency Ledger to zero;
 - (xix) *nineteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders of interest (including any Deferred Interest and Additional Interest) due and payable on the Class E Notes;
 - (xx) *twentieth*, either:
 - (a) prior to the Payment Date on which the Class E Notes will be repaid in full, in or towards credit to the Class E Liquidity Reserve Ledger of the amount required to increase the amount standing to the credit of the Class E Liquidity Reserve Ledger to the Class E Liquidity Reserve Fund Required Amount; or
 - (b) on the Payment Date on which the Class E Notes will be repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date;
 - (xxi) *twenty-first*, in or towards credit to the Class E Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class E Principal Deficiency Ledger to zero;
 - (xxii) *twenty-second*, in or towards credit to the Class S Principal Deficiency Ledger of the amount required to reduce the amount recorded as a debit to the Class S Principal Deficiency Ledger to zero;

- (xxiii) *twenty-third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholder of interest (including any Deferred Interest and Additional Interest) due and payable on the Class S Notes;
- (xxiv) *twenty-fourth*, in or towards payment of any Swap Counterparty Subordinated Amounts, if any, due and payable to the Swap Counterparty in respect of the Swap Agreement;
- (xxv) *twenty-fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to any other party of any amounts due by the Issuer under the Transaction Documents to whom payment has not already been provided for elsewhere;
- (xxvi) *twenty-sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any interest due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan;
- (xxvii) *twenty-seventh*, in or towards payment to the Subordinated Loan Provider of any principal amount due and payable on the Issuer Expenses Loan;
- (xxviii) *twenty-eighth*, *pari passu* and *pro rata* according to the respective amounts thereof:
 - (a) on each Payment Date after the Payment Date on which the Class A Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (viii)(b) and this item (xxviii)(a) is equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date;
 - (b) on each Payment Date after the Payment Date on which the Class B Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xi)(b) and this item (xxviii)(b) is equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date;
 - (c) on each Payment Date after the Payment Date on which the Class C Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xiv)(b) and this item (xxviii)(c) is equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date;
 - (d) on each Payment Date after the Payment Date on which the Class D Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xvii)(b) and this item (xxviii)(d) is equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date; and
 - (e) on each Payment Date after the Payment Date on which the Class E Notes were repaid in full, in or towards repayment to the Subordinated Loan Provider of any principal amount due and payable on the Liquidity Reserve Loan in an amount such that the aggregate amount repaid under item (xx)(b) and this item (xxviii)(e) is equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date; and
- (xxix) *twenty-ninth*, in payment to the Seller of all remaining Available Interest Collections as Deferred Purchase Price,

in each case only to the extent that all payments of a higher priority to be paid or provided for on such Payment Date have been made in full.

If, on or prior to any Payment Date, the Servicer has not provided the Cash Manager with sufficient information to make the determinations required to apply Available Interest Collections in accordance with the Interest Priority of Payments, then the Cash Manager shall first apply Available Interest Collections to pay items (i) to (vii) (inclusive) of the Interest Priority of Payments and thereafter all remaining amounts representing Available Interest Collections shall be credited to the Distribution Account for application as Available Interest Collections on the next following Payment Date.

(f) **Principal Priority of Payments**

Subject to clause 3.5 (*Liability of Cash Manager*) of the Cash Management Agreement, on each Payment Date before the service of an Enforcement Notice, the Available Principal Collections deposited in the Distribution Account (excluding Permitted Exceptions) will be applied by the Principal Paying Agent (acting on the instructions of the Cash Manager as set out in the relevant Monthly Report) in the following order of priority (the "**Principal Priority of Payments**"):

- (i) *first*, in or towards application of an amount equal to the Remaining Interest Collections Shortfall as Available Interest Collections;
- (ii) *second*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders of principal of the Class A Notes until paid in full;
- (iii) *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders of principal of the Class B Notes until paid in full;
- (iv) *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders of principal of the Class C Notes until paid in full;
- (v) *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders of principal of the Class D Notes until paid in full;
- (vi) *sixth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders of principal of the Class E Notes until paid in full;
- (vii) *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholders of principal of the Class S Notes until paid in full; and
- (viii) *eighth*, in application of any remaining amounts to Available Interest Collections,

but in each case only to the extent that all payments of a higher priority to be paid or provided for on such Payment Date have been made in full.

If, on or prior to any Payment Date, the Servicer has not provided the Cash Manager with sufficient information to make the determinations required to apply Available Principal Collections in accordance with the Principal Priority of Payments, then the Cash Manager shall first apply Available Principal Collections to pay item (i) of the Principal Priority of Payments and thereafter all remaining amounts representing Available Principal Collections shall be credited to the Distribution Account for application as Available Principal Collections on the next following Payment Date.

(g) **Shortfalls**

To the extent that the Issuer does not receive sufficient Available Interest Collections and/or Available Principal Collections from the Purchased Receivables and there is not a sufficient available balance standing to the credit of the Issuer Accounts to be applied to meet payments due under the Notes after meeting prior ranking claims in accordance with the Interest Priority of Payments and/or the applicable Principal Priority of Payments (as applicable), the Issuer will be unable to the same extent to make payments under the Notes. Any shortfall will be borne first by the Class S Notes, second by the Class E Notes, third by the Class D Notes, fourth by the Class C Notes, fifth by the Class B Notes and sixth by the Class A Notes, *pro rata* and *pari passu* as between the Notes of such Class.

(h) **Determinations and Reconciliation**

- (i) In the event that the Cash Manager does not receive a Monthly Report to be delivered by the Servicer with respect to the most recent Collection Period (such period, a "**Determination Period**"), then the Cash Manager may use the Monthly Reports in respect of the three most recent Monthly Periods for which all relevant Monthly Reports are available (or, where there are not at least three previous Monthly Reports, any previous Monthly Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in paragraph (ii) below. When the Cash Manager receives the Monthly Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in paragraph (iii) below on the next following Interest Payment Date. Any (i) calculations properly made on the basis of such estimates in accordance with paragraph (ii) below; (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with paragraph (iii) below, shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (ii) In respect of any Determination Period the Cash Manager shall on the Calculation Date immediately preceding the Determination Period:
- (A) determine the Interest Determination Ratio (as defined above) by reference to the three most recent Collection Periods in respect of which all relevant Monthly Reports are available (or, where there are not at least three previous Monthly Reports, any previous Monthly Reports);
 - (B) calculate the Interest Collections for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all Collections received by the Issuer during such Determination Period; and
 - (C) calculate the Principal Collections for such Determination Period as the product of (A) one minus the Interest Determination Ratio and (B) all Collections received by the Issuer during such Determination Period (the "**Calculated Principal Collections**").
- (iii) Following the end of any Determination Period, upon receipt by the Cash Manager of the Monthly Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.10(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount as follows:
- (A) if the Reconciliation Amount is a positive number, the Cash Manager shall, on the next following Payment Date, apply an amount equal to the lesser of (A) the positive value of the Reconciliation Amount and (B) the

amount of Available Interest Collections, as Available Principal Collections; and

- (B) if the Reconciliation Amount is a negative number, the Cash Manager shall, on the next following Payment Date, apply an amount equal to the lesser of (A) the positive value of the Reconciliation Amount and (B) the amount of Available Principal Collections, as Available Interest Collections,

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Interest Collections and Available Principal Collections for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

(i) **Enforcement of the Security**

After the occurrence of an Event of Default and the service of an Enforcement Notice under Condition 10 (*Events of Default*) below, the Trustee may at its discretion direct the Security Trustee to take action to enforce the Security, and will direct the Security Trustee to take such action to enforce the Security as directed by the Controlling Class acting by way of a Written Resolution or an Extraordinary Resolution.

The Trustee may at its discretion and will do so if it has been directed to do so by the Controlling Class acting by way of a Written Resolution or an Extraordinary Resolution, (subject to the Trustee and the Security Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) and without notice and in such manner as it deems appropriate:

- (i) take such proceedings and/or other steps as it may deem appropriate against or concerning the Issuer or any other person to enforce its obligations under the Transaction Documents or these Conditions and/or take other proceedings (including lodging an appeal in any proceedings) concerning the Issuer;
- (ii) exercise its rights under, or in connection with a Transaction Document; and/or
- (iii) give directions to the Security Trustee under or in connection with a Transaction Document.

To the extent that the Trustee acts in compliance with such directions of the Controlling Class, as described above, it will have no obligation to take the interests of any other party into account or to follow a direction given by any other party.

(j) **Application of proceeds following service of an Enforcement Notice**

Subject to clause 3.5 (*Liability of Cash Manager*) of the Cash Management Agreement, following the service of an Enforcement Notice, the Security Trustee will give notice to all Secured Parties (of which it has notice details in the Transaction Documents) and apply amounts available for distribution to the satisfaction of the amounts and in the order of priority set out below. Following the service of an Enforcement Notice, all Available Funds (excluding (i) Permitted Exceptions and (ii) amounts standing to the credit of the Liquidity Reserve Fund that are applied in repayment of the SL Principal Amount Outstanding of the Subordinated Notes corresponding to the Liquidity Reserve Loan) will be applied by the Security Trustee, to the extent permitted by applicable law, in the following order of priority (the "**Accelerated Priority of Payments**"):

- (i) *first*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
- (a) the Security Trustee and any Receiver (including any administrative receiver) appointed by the Security Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the

Security Trustee, and any amounts (then due or to become due and payable to the Security Trustee and the receiver under the provisions of the Deed of Charge; and

- (b) the Trustee, together with interest and any amount in respect of Tax (if any) on those amounts due to the Trustee, and any amounts then due or to become due and payable to the Trustee under the provisions of the Trust Deed,

in each case, together with any arrears remaining unpaid for such amounts;

- (ii) *second*, in or towards retention by the Issuer of the Retained Amount;
- (iii) *third*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to the Agents, together with interest and any amount in respect of VAT (if any) on those amounts and any costs, charges, liabilities and expenses then due or to become due and payable to them under the provisions of the Agency Agreement;
- (iv) *fourth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to any third party creditors of the Issuer (other than those referred to later in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer up to an aggregate maximum amount under this item (v) after the service of an Enforcement Notice of £20,000 and, to the extent the Retained Amounts are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
- (v) *fifth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of amounts due to:
 - (a) the Cash Manager, together with any amount in respect of VAT (if any) on those amounts due to the Cash Manager, and to provide for any amounts due or to become due to the Cash Manager in the immediately succeeding Interest Period, under the Cash Management Agreement;
 - (b) the Servicer, together with any amount in respect of VAT (if any) on those amounts due to the Servicer, and to provide for any amounts due or to become due to the Servicer, in the immediately succeeding Interest Period, under the Servicing Agreement;
 - (c) the Corporate Services Provider, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
 - (d) the Account Bank, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Account Bank in the immediately succeeding Interest Period, under the Account Bank Agreement;
 - (e) to the extent applicable, the Back-Up Facilitator, together with any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Back-Up Facilitator in the immediately succeeding Interest Period, under the Back-Up Facilitator Agreement;
 - (f) any auditors of, and other professional advisers to, the Issuer; and
 - (g) any Insolvency Official of the Seller, the Incentive Fee (if any);

- (vi) *sixth*, in or towards payment of amounts due to the Swap Counterparty, together with interest on those amounts and any costs, charges, liabilities and expenses then due or to become due and payable to them under the provisions of the Swap Agreement (in each case, other than Swap Counterparty Subordinated Amounts or Swap Counterparty Excluded Amounts);
- (vii) *seventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class A Noteholders:
 - (a) *first*, of interest due and payable on the Class A Notes; and
 - (b) *second*, of principal of the Class A Notes until paid in full;
- (viii) *eighth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class B Noteholders:
 - (a) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class B Notes; and
 - (b) *second*, of principal of the Class B Notes until paid in full;
- (ix) *ninth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class C Noteholders:
 - (a) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class C Notes; and
 - (b) *second*, of principal of the Class C Notes until paid in full;
- (x) *tenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class D Noteholders:
 - (a) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class D Notes; and
 - (b) *second*, of principal of the Class D Notes until paid in full;
- (xi) *eleventh*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class E Noteholders:
 - (a) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class E Notes; and
 - (b) *second*, of principal of the Class E Notes until paid in full;
- (xii) *twelfth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Class S Noteholders:
 - (a) *first*, of interest (including any Deferred Interest and Additional Interest) due and payable on the Class S Notes; and
 - (b) *second*, of principal of the Class S Notes until paid in full;
- (xiii) *thirteenth*, in or towards payment of any Swap Counterparty Subordinated Amounts, if any, due and payable to the Swap Counterparty in respect of the Swap Agreement;
- (xiv) *fourteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of any other amounts due and payable by the Issuer under the Transaction Documents (to the extent not already covered above);

- (xv) *fifteenth*, in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any interest due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan;
- (xvi) *sixteenth*, in or towards repayment, *pari passu* and *pro rata* according to the respective amounts thereof, to the Subordinated Loan Provider of any principal due and payable on the Liquidity Reserve Loan or the Issuer Expenses Loan; and
- (xvii) *seventeenth*, in payment to the Seller of any amounts remaining as Deferred Purchase Price,

in each case only to the extent that all payments of a higher priority due to be paid or provided for on such Payment Date have been made in full.

If and during such time period that a Monthly Report is not provided to the Cash Manager, the Cash Manager will determine the amounts payable under the Accelerated Priority of Payments to the Noteholders and the other Secured Parties in compliance with the Cash Management Agreement.

(k) **Shortfall after application of proceeds**

If the net proceeds of the Security being enforced and liquidated under the Deed of Charge are not sufficient, after payment of all other claims ranking in priority to the Notes, to cover all payments due on the Notes, the obligations of the Issuer under the Notes will be limited to such net proceeds and such net proceeds will be applied in compliance with the applicable Priority of Payments, Deed of Charge and no other assets of the Issuer will be available for any further payments on the Notes. The right to receive any further payments of any such shortfall remaining after enforcement of the Security and application of the proceeds of the Security in accordance with the Accelerated Priority of Payments will be extinguished.

(l) **Relationship between the Classes of Notes**

(i)

- (A) The Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes.
- (B) The Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes.
- (C) The Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes and the Class B Notes.
- (D) The Class D Notes will rank in priority to the Class E Notes and the Class S Notes but will rank subordinate to the Class A Notes, the Class B Notes and the Class C Notes.
- (E) The Class E Notes will rank in priority to the Class S Notes but will rank subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.
- (F) The Class S Notes will rank subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

(ii)

- (A) Payments of interest on the Class A Notes will rank *pro rata* and *pari passu* between themselves and in priority to payments of interest on the

Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes.

- (B) Payments of interest on the Class B Notes will rank *pro rata* and *pari passu* between themselves and in priority to payments of interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes.
- (C) Payments of interest on the Class C Notes will rank *pro rata* and *pari passu* between themselves and in priority to payments of interest on the Class D Notes, the Class E Notes and the Class S Notes.
- (D) Payments of interest on the Class D Notes will rank *pro rata* and *pari passu* between themselves and in priority to payments of interest on the Class E Notes and the Class S Notes.
- (E) Payments of interest on the Class E Notes will rank *pro rata* and *pari passu* between themselves and in priority to payments of interest on the Class S Notes.
- (F) If the Issuer does not have sufficient Available Interest Collections on the relevant Payment Date to meet interest payments on the Notes in full, any shortfall on such Payment Date will be borne:
 - (1) *first*, by the Class S Notes; and
 - (2) *second*, to the extent that interest due on the Class S Notes on such Payment Date is less than such shortfall, by the Class E Notes;
 - (3) *third*, to the extent that interest due on the Class E Notes and the Class S Notes on such Payment Date is less than such shortfall, by the Class D Notes;
 - (4) *fourth*, to the extent that interest due on the Class D Notes, the Class E Notes and the Class S Notes on such Payment Date is less than such shortfall, by the Class C Notes
 - (5) *fifth*, to the extent that interest due on the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes on such Payment Date is less than such shortfall, by the Class B Notes
 - (6) *sixth*, to the extent that interest due on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes on such Payment Date is less than such shortfall, by the Class A Notes

in each case, *pro rata* and *pari passu* between the Notes of such Class.

- (iii) No amount of principal of:
 - (A) the Class S Notes will become due and payable until redemption and payment in full of the Class E Notes;
 - (B) the Class E Notes will become due and payable until redemption and payment in full of the Class D Notes;
 - (C) the Class D Notes will become due and payable until redemption and payment in full of the Class C Notes;
 - (D) the Class C Notes will become due and payable until redemption and payment in full of the Class B Notes; or

- (E) the Class B Notes will become due and payable until redemption and payment in full of the Class A Notes.
- (iv) The Trust Deed and the Deed of Charge contain terms requiring the Trustee or the Security Trustee to take into account the interests of the Holders of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class S Notes then outstanding equally as regards all powers, trusts, authorities, obligations and discretions of the Trustee or the Security Trustee (except where expressly provided otherwise), but requiring the Trustee or the Security Trustee, to take into account:
- (A) only the interests of the Holders of the Class A Notes then outstanding if, in the opinion of the Trustee or the Security Trustee there is a conflict between the interests of the Holders of the Class A Notes then outstanding and the interests of the Holders of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class S Notes then outstanding;
 - (B) only the interests of the Holders of the Class B Notes then outstanding if, in the opinion of the Trustee or the Security Trustee there is a conflict between the interests of the Holders of the Class B Notes then outstanding and the interests of the Holders of the Class C Notes, Class D Notes, Class E Notes and Class S Notes then outstanding;
 - (C) only the interests of the Holders of the Class C Notes then outstanding if, in the opinion of the Trustee or the Security Trustee there is a conflict between the interests of the Holders of the Class C Notes then outstanding and the interests of the Holders of the Class D Notes, Class E Notes and Class S Notes then outstanding;
 - (D) only the interests of the Holders of the Class D Notes then outstanding if, in the opinion of the Trustee or the Security Trustee there is a conflict between the interests of the Holders of the Class D Notes then outstanding and the interests of the Holders of the Class E Notes and Class S Notes then outstanding; and
 - (E) only the interests of the Holders of the Class E Notes then outstanding if, in the opinion of the Trustee or the Security Trustee there is a conflict between the interests of the Holders of the Class E Notes then outstanding and the interests of the Holders of the Class S Notes then outstanding.

In addition, if there is a conflict between the interests of (1) the Noteholders and (2) the other Secured Parties, the Security Trustee will, to the extent permitted by applicable law, take into account only the interests of the Noteholders.

- (v)
- (A) The Class B Noteholders may not request or direct the Trustee or the Issuer to take action or pass an effective Extraordinary Resolution if the effect of the same would, in the sole opinion of the Trustee, be materially prejudicial to the interests of the Holders of the Class A Notes then outstanding and the Trustee will not be responsible to the Class B Noteholders for disregarding such request, direction or resolution.
 - (B) The Class C Noteholders may not request or direct the Trustee or the Issuer to take action or pass an effective Extraordinary Resolution if the effect of the same would, in the sole opinion of the Trustee, be materially prejudicial to the interests of the Holders of the Class A Notes or Class B Notes then outstanding and the Trustee will not be responsible to the

Class C Noteholders for disregarding such request, direction or resolution.

- (C) The Class D Noteholders may not request or direct the Trustee or the Issuer to take action or pass an effective Extraordinary Resolution if the effect of the same would, in the sole opinion of the Trustee, be materially prejudicial to the interests of the Holders of the Class A Notes, Class B Notes or Class C Notes then outstanding and the Trustee will not be responsible to the Class D Noteholders for disregarding such request, direction or resolution.
- (D) The Class E Noteholders may not request or direct the Trustee or the Issuer to take action or pass an effective Extraordinary Resolution if the effect of the same would, in the sole opinion of the Trustee, be materially prejudicial to the interests of the Holders of the Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding and the Trustee will not be responsible to the Class E Noteholders for disregarding such request, direction or resolution.
- (E) The Class S Noteholders may not request or direct the Trustee or the Issuer to take action or pass an effective Extraordinary Resolution if the effect of the same would, in the sole opinion of the Trustee, be materially prejudicial to the interests of the Holders of the Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding and the Trustee will not be responsible to the Class S Noteholders for disregarding such request, direction or resolution.

(m) **Assumption of no material prejudice**

The Trustee and the Security Trustee have the right to assume, for the purposes of exercising a right, power, duty or discretion under or related to these Conditions, the Trust Deed, the Deed of Charge or the other Transaction Documents or for the purposes of paragraphs (iv) or (v) of Condition 2(l) (*Relationship between the Classes of Notes*), that to do so will not be materially prejudicial to the interests of the Noteholders or the relevant Class (i) if it has obtained the consent of the Noteholders or the relevant Class or (ii) if the Trustee is satisfied that the current ratings of the Rated Notes will not be affected or (iii) regarding a non-economic or non-financial matter, if the Trustee obtains an Opinion of Counsel to such effect.

3. **Covenants**

So long as any of the Notes remains outstanding, the Issuer will not without the consent of the Trustee, unless otherwise provided by these Conditions or the Transaction Documents:

- (a) carry on business other than performing its functions and obligations and discharging its obligations and liabilities set out in the Transaction Documents and in connection with that business will not engage in an activity or do anything except:
 - (i) finance, acquire, hold and dispose of the Purchased Receivables;
 - (ii) issue, enter into, amend, exchange, repurchase or cancel the Notes;
 - (iii) enter into, amend, consent to a variation of, or release a party from an obligation under, the Notes, the Transaction Documents and agreements relating or incidental to the issue and constitution of, and the granting of security for, the Notes;
 - (iv) own and exercise its rights regarding the Security and its interests in the Security and perform its obligations regarding the Security and the Transaction Documents;
 - (v) preserve and/or exercise and/or enforce its rights and perform and observe its obligations under the Notes, the Transaction Documents and agreements relating

or incidental to the issue and constitution of, and the granting of security for, the Notes;

- (vi) use its property or assets in the manner set out in or contemplated by the Transaction Documents; and
- (vii) perform other acts incidental to or necessary in connection with items (i) to (vi) above;
- (b) have employees or own premises;
- (c) incur indebtedness for borrowed money or give a guarantee or indemnity for indebtedness except under the Notes or under the Transaction Documents;
- (d) create a mortgage, charge, pledge, lien or other security interest over, or use, invest, sell or otherwise dispose of, its assets other than as expressly contemplated by the Transaction Documents;
- (e) commingle its property or assets with the property or assets of another person;
- (f) have a subsidiary or subsidiary undertaking (each as defined in the Companies Act 2006);
- (g) have an "establishment" (as that expression is used in the UK Insolvency Regulation) in a jurisdiction other than England and Wales;
- (h) pay a dividend or make a distribution to its shareholders in an accounting period other than out of the Retained Amounts that it has retained or that are greater than the amount left to the Issuer after UK corporation tax is charged on the Retained Amounts;
- (i) issue shares in the Issuer (other than such shares as are in issue as at the Closing Date);
- (j) permit the validity or effectiveness of or the priority of the Security Interest created by the Trust Deed or the Deed of Charge to be amended, terminated, postponed or discharged, or permit a person whose obligations form part of the Security Interest to be released from such obligations;
- (k) open a further account for the purposes of depositing any monies it receives in connection with the Transaction Documents, unless such account is secured in favour of the Security Trustee for the benefit of the Secured Parties;
- (l) consolidate or merge with another person or convey or transfer its properties or assets substantially as an entirety to another person;
- (m) acquire obligations or securities of its officers or shareholders;
- (n) amend the articles of association (or other constitutional document) of the Issuer; and
- (o) enter into any derivatives or hedging contracts having the same economic effect as a derivative.

In giving its consent to the foregoing, the Trustee may require the Issuer to amend the Transaction Documents and/or may impose such other conditions as it deems to be in the interests of the Noteholders under Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*) below.

4. ***Interest***

(a) **Rate of Interest and accrual**

Each Rated Note (other than a Class A Note) bears interest on the Principal Amount Outstanding of such Note at the beginning of the relevant Interest Period at the rate per annum (expressed as a percentage) equal to Compounded Daily SONIA plus the Margin,

payable in arrear on each Payment Date from (and including) the Closing Date, subject to Condition 6 (*Subordination*).

Each Class A Note bears interest on the Principal Amount Outstanding of such Note at the beginning of the relevant Interest Period at the rate per annum (expressed as a percentage) equal to the Class A Interest Rate, payable in arrear on each Payment Date from (and including) the Closing Date.

Each Class S Note bears interest on the Principal Amount Outstanding of such Note at the beginning of the relevant Interest Period at the rate per annum (expressed as a percentage) equal to the Class S Interest Rate, payable in arrear on each Payment Date from (and including) the Closing Date, subject to Condition 6 (*Subordination*).

Interest due on a Payment Date will accrue on the Principal Amount Outstanding of each Note at the beginning of the relevant Interest Period.

Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption unless an amount due remains outstanding, in which case interest will continue to accrue on the unpaid amount of principal (as well after as before judgment) until the Relevant Date at the applicable Rate of Interest.

(b) **Margin**

The Margin for each Interest Period will be:

- (i) for each Class B Note, 1.60% per annum (the "**Class B Margin**");
- (ii) for each Class C Note, 1.95% per annum (the "**Class C Margin**");
- (iii) for each Class D Note, 2.90% per annum (the "**Class D Margin**"); and
- (iv) for each Class E Note, 4.25% per annum (the "**Class E Margin**").

(c) **Class A Interest Rate**

The Rate of Interest for each Interest Period for each Class A Note will be 1.20% per annum (the "**Class A Interest Rate**").

(d) **Class S Interest Rate**

The Rate of Interest for each Interest Period for each Class S Note will be 5.50% per annum (the "**Class S Interest Rate**").

(e) **Compounded Daily SONIA**

"**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Principal Paying Agent on the Calculation Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d₀**" is the number of London Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_0 , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Period;

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n_i**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following London Banking Day;

"**Observation Period**" means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling five London Banking Days prior to the Payment Date for such Interest Period (or the date falling five London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**Relevant Screen Page**" means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service as may replace such screen;

the "**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"**SONIA_{i-5LBD}**" means, in respect of any London Banking Day falling in the relevant Interest Period, the SONIA reference rate for the London Banking Day falling five London Banking Days prior to the relevant London Banking Day "**i**".

If, in respect of any London Banking Day in the relevant Observation Period, the Principal Paying Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

Notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Principal Paying Agent shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA_i for the purpose of the Notes for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Principal Paying Agent, the Rate of Interest shall be (i) that determined as at the last preceding Calculation Date (subject to the Minimum Rate of Interest) or (ii) if there is no such preceding Calculation Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Closing Date (but applying the Margin and Minimum Rate of Interest applicable to the first Interest Period).

If the Notes become due and payable in accordance with Condition 5 (*Redemption*), the final Calculation Date shall be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(f) **Minimum Rate of Interest**

In the event that the Rate of Interest for a Note in respect of an Interest Period determined in accordance with the provisions of paragraphs (a) to (d) above is less than the Minimum Rate of Interest, the Rate of Interest for such Note for such Interest Period shall be the Minimum Rate of Interest.

(g) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest payable on the Notes in respect of each denomination (each, an "**Interest Amount**") for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of each Note, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of Sterling, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4:

- (i) in relation to the Floating Rate Notes, the actual number of days in the Interest Period divided by 365; and
- (ii) in relation to the Class A Notes or the Class S Notes, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

(h) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Payment Date to be notified to the Trustee, the Security Trustee, the Cash Manager, the Paying Agents, the Registrar and to any stock exchange or other relevant competent authority or quotation system on which the Notes are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Trustee and the London Stock Exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing and to Noteholders in accordance with Condition 15 (*Notices*).

(i) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Principal Paying Agent or the calculation agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Cash Manager, the other Paying Agents, the Trustee and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(j) **Accrual of interest**

Interest (if any) will cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event, interest will continue to accrue as provided in the Trust Deed.

(k) **Deferred Interest**

(i) Subject to paragraph (v) below, to the extent that, subject to and in accordance with the applicable Priority of Payments, the funds available to the Issuer to pay interest on any Class of Notes (other than the Controlling Class) on a Payment Date (after payment of amounts senior to the payment of that interest in accordance with the applicable Priority of Payments) are insufficient to pay the full amount of that interest, payment of the shortfall attributable to that Class of Notes ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Payment Date thereafter on which sufficient funds are available (subject to and in accordance with the applicable Priority of Payments and after payment of amounts senior to payment of that Deferred Interest in accordance with the applicable Priority of Payments) to fund the payment of that Deferred Interest to the extent of those available funds, or until the Payment Date following the Payment Date on which the relevant Class of Notes becomes the Controlling Class.

(ii) Such Deferred Interest will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to the applicable Class of Notes and payment of any Additional Interest will also be deferred until the first Payment Date thereafter on which funds are available (subject to and in accordance with the applicable Priority of Payments and after payment of amounts senior to payment of such Additional Interest in accordance with the applicable Priority of Payments) to the Issuer to pay such Additional Interest to the extent of such available funds.

- (iii) As soon as practicable after becoming aware that any part of a payment of interest on any Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 4(k) (*Deferred Interest*), the Issuer will give notice thereof to the holders of that Class of Notes in accordance with Condition 15 (*Notices*).
- (iv) Amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date of the applicable Class of Notes or such earlier date on which that Class of Notes becomes due and repayable in full pursuant to Condition 5 (*Redemption*) or, as applicable, Condition 10 (*Events of Default*), on which date such amounts will become due and payable.
- (v) Payments of interest due on a Payment Date in respect of the Controlling Class will not be deferred. In the event of the delivery of an Enforcement Notice, the amount of interest in respect of such Notes that was due but not paid on such Payment Date will itself bear interest at the applicable rate until both the unpaid interest and the interest on that unpaid interest are paid as provided in the Trust Deed.

5. **Redemption**

(a) **Final redemption**

Unless previously redeemed in full and cancelled as set out in this Condition 5, each Note will be redeemed by the Issuer at its Principal Amount Outstanding together with accrued interest on the Final Legal Maturity Date. Each Rating Agency will be informed of a redemption of the Notes under this Condition 5.

The Issuer may not redeem the Notes in whole or in part before the Final Legal Maturity Date except as set out in Condition 5(b) (*Redemption for taxation and other reasons*), Condition 5(c) (*Mandatory early redemption in part*) and Condition 5(d) (*Clean-Up Call*) but without prejudice to Condition 10 (*Events of Default*).

(b) **Redemption for taxation and other reasons**

If, because of a change of applicable law or regulation or the interpretation of such law or regulation, in each case after the Closing Date, the Issuer will, on the occasion of the next payment due on the Notes, be required to deduct or withhold from or account for Tax in respect of a payment by it on the Notes or would suffer a Tax or other similar imposition so that:

- (i) the Issuer would be unable to make payment of the full amount due on the Notes or the cost to the Issuer of making payments on the Notes or of complying with its obligations under or in connection with the Notes would be materially increased;
- (ii) the operating or administrative expenses of the Issuer would be materially increased; or
- (iii) the Issuer would be obliged to make a material payment of Tax on, related to, or calculated by reference to, its income or any sum received or receivable by or on behalf of the Issuer from the Charged Property or any of it,

then the Issuer will promptly so inform the Trustee and will use its best efforts (which will not require it to incur any loss, excluding immaterial, incidental expenses) to determine within 20 days of such circumstance occurring whether it would be practicable to arrange the substitution of a company incorporated in another jurisdiction approved by the Trustee as the principal debtor under the Notes or to change its tax residence to another jurisdiction approved by the Trustee (**provided that** the Issuer will only use such best efforts to so determine if such a substitution or change could reasonably be expected to avoid such withholding or deduction or tax or other similar imposition). If the Issuer determines that such measures would be practicable, it will have a further period of 60 days to effect such

substitution or change of tax residence. If, however, it determines within 20 days of such circumstance occurring that none of such measures would be practicable or if, having determined that such measures would be practicable, it is unable so to avoid such withholding or deduction or tax or imposition within such further period of 60 days, then the Issuer may, at its election, but will not be obliged to, give not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent, the Registrar and the Noteholders, in compliance with Condition 15 (*Notices*), of its intention to redeem and on expiry of such irrevocable notice will redeem all but not some only of the Notes at their principal amounts outstanding together with accrued interest, to the date (which must be a Payment Date) fixed for redemption, **provided that** before the publication of such irrevocable notice of redemption, the Issuer will deliver to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer has the right to effect such redemption and setting out a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Trustee will have the right to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above and shall not be liable for relying on such certificate, and such certificate will be conclusive and binding on the Noteholders.

(c) **Mandatory early redemption in part**

- (i) Each Class A Note; and
- (ii) **provided that** the Class A Notes have been redeemed in full, each Class B Note;
- (iii) **provided that** the Class B Notes have been redeemed in full, each Class C Note;
- (iv) **provided that** the Class C Notes have been redeemed in full, each Class D Note;
- (v) **provided that** the Class D Notes have been redeemed in full, each Class E Note; and
- (vi) **provided that** the Class E Notes have been redeemed in full, each Class S Note,

will be subject to mandatory early redemption in part on each Payment Date in an amount equal to the Available Principal Collections available on such Payment Date for such purpose in accordance with the Principal Priority of Payments. Such early redemption in part will be on a *pro rata* and *pari passu* basis within each such Class.

(d) **Clean-Up Call**

The Issuer may, at its option, redeem all of the Notes at their aggregate Principal Amount Outstanding, together with any interest accrued up to but excluding the relevant Payment Date, on the Payment Date on which the Seller exercises its option to purchase all of the Purchased Receivables under clause 7.5 (*Clean-up call*) of the Receivables Sale Deed, on giving an irrevocable notice no later than ten Business Days beforehand to the relevant Noteholders and the Trustee in compliance with Condition 15 (*Notices*).

(e) **Cancellation**

Notes redeemed in full or in part by the Issuer will promptly be cancelled in full or in part in which case they will not be resold or re-issued and the obligations of the Issuer under such Notes will be discharged.

If the Issuer redeems some of the Rated Notes and such Notes are represented by Global Notes, such partial redemption will be effected in compliance with the rules and procedures of Clearstream, Luxembourg and/or Euroclear (to be reflected in the records of Clearstream, Luxembourg and Euroclear, as either a pool factor or a reduction in nominal amount, at their discretion).

(f) **Note principal payments and Principal Amount Outstanding**

On (or as soon as practicable after) each Calculation Date in relation to a Payment Date, the Cash Manager, acting on behalf of the Issuer, will determine (based on information provided to the Cash Manager by the Issuer or the Servicer through the monthly report) (i) the amount of any Mandatory Early Part Redemption Amount due on each Note of each Class on the Payment Date next following such Calculation Date and (ii) the Principal Amount Outstanding of each Note of each Class on the Payment Date next following such Calculation Date and will cause notice of each determination of the Mandatory Early Part Redemption Amount and the Principal Amount Outstanding of a Note of each Class to be given to the Trustee, the Paying Agents, the Registrar, the Issuer, the Noteholders (in compliance with Condition 15 (*Notices*), the Swap Counterparty and the Cash Manager one Business Day before the relevant Payment Date. Each determination by or on behalf of the Issuer of any Mandatory Early Part Redemption Amount and the Principal Amount Outstanding of a Note will (in the absence of fraud, wilful default or manifest or proven error) be final and binding on all persons.

If the Cash Manager, acting on behalf of the Issuer, does not at any time for any reason determine the Mandatory Early Part Redemption Amount or the Principal Amount Outstanding of a Note in compliance with the prior terms of this Condition 5(f), such Mandatory Early Part Redemption Amount and/or Principal Amount Outstanding may be determined by the Trustee (to the extent it is able to do so, either itself or acting through an agent and without any obligation to incur fees, costs and expenses for which it has not been pre-funded or provided with adequate indemnity) in compliance with this Condition 5(f) and each such determination will be conclusive (in the absence of wilful default or manifest error) and will be deemed to have been made by the Cash Manager. Such determination will be final and binding on the Issuer, the Cash Manager, the Noteholders and all other relevant persons.

6. ***Subordination***

The Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class S Noteholders will not have a right to payment of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes (respectively) while the Class A Notes remain outstanding. The Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class S Noteholders will not have a right to payment of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes (respectively) while the Class A Notes and the Class B Notes remain outstanding. The Class D Noteholders, the Class E Noteholders and the Class S Noteholders will not have a right to payment of principal on the Class D Notes, the Class E Notes and the Class S Notes (respectively) while the Class A Notes, the Class B Notes and the Class C Notes remain outstanding. The Class E Noteholders and the Class S Noteholders will not have a right to payment of principal on the Class E Notes and the Class S Notes (respectively) while the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes remain outstanding. The Class S Noteholders will not have a right to payment of principal on the Class S Notes while the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes remain outstanding.

7. ***Payments***

(a) **Method of payment**

Except as provided below, payments on the Notes will be made by transfer to a Sterling account maintained by the payee with a bank as specified by the payee and as notified by the Principal Paying Agent to the Paying Agents, provided such notification is at least two Business Days before each Payment Date or, at the option of a Noteholder and related only to its Notes, by a cheque in Sterling drawn on a Sterling account and sent to the address shown as the address of the payee in the Register as of the close of business on the 15th day before the due date for the relevant payment.

(b) **Payments subject to applicable laws, etc**

All payments are subject in all cases to:

- (i) applicable fiscal or other laws, regulations and directives; and
- (ii) FATCA,

but without prejudice to Condition 8 (*Taxation*). No commission or expenses will be charged to the Noteholders for such payments.

(c) **Payments on Global Notes**

Payments of principal and interest on any Rated Notes represented by a Global Note will (subject as provided below) be made in the manner specified above for Definitive Notes and otherwise in the manner specified in the relevant Global Note through Clearstream, Luxembourg and/or Euroclear. A record of each payment made for a Global Note, distinguishing between a payment of principal and a payment of interest, will be entered into the records of Clearstream, Luxembourg and/or Euroclear and such record will be *prima facie* evidence that the payment in question has been made.

(d) **General terms applicable to payments**

The Holder of a Global Note will be the only person with the right to receive payments on the Rated Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the Holder of such Global Note for each amount so paid. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear as the beneficial Holder of a particular nominal amount of Rated Notes represented by such Global Note must look solely to Clearstream, Luxembourg or Euroclear for this share of each payment so made by the Issuer, or to the order of, the Holder of such Global Note.

(e) **Appointment of Agents**

The Principal Paying Agent and the Registrar initially appointed by the Issuer and their respective specified offices are listed at the end of these Conditions. The Principal Paying Agent and the Registrar act solely as agents of the Issuer (unless an Event of Default has occurred or may with the lapse of time or the giving of notice occur, when such Agents may be required to act as agents of the Trustee) and do not assume an obligation or relationship of agency or trust for or with the Noteholders. The Issuer reserves the right at any time with the prior written approval of the Trustee (such approval not to be unreasonably withheld) to vary or terminate the appointment of the Principal Paying Agent and the Registrar and to appoint additional or other Paying Agents or Registrars, **provided that** the Issuer will at all times maintain (i) a Registrar and (ii) a Paying Agent.

Notice of such change or a change of specified office will promptly be given to the Noteholders in compliance with Condition 15 (*Notices*).

(f) **Non-Business Days**

If a date for payment on a Note is not a Business Day, the Holder will not have a right to payment until the next following Business Day nor to interest or other sums related to such postponed payment.

(g) **Limited recourse**

- (i) No amounts will be payable by the Issuer except in accordance with the Priority of Payments (excluding Permitted Exceptions) and any payment obligations of the Issuer under these Conditions may only be satisfied from the amounts received by it under or in connection with the Transaction Documents.
- (ii) If the Security constituted by the Deed of Charge is enforced, and after payment of all other claims (if any) ranking in priority to or *pari passu* with each of the

claims of the Secured Parties under the Deed of Charge, the remaining proceeds of such enforcement are insufficient to pay in full all amounts due to each of the Secured Parties and all other claims ranking *pari passu* to the claims of each such party, then the claims of each such party against the Issuer will be limited to their respective shares of such remaining proceeds (as determined in compliance with the Deed of Charge) and, after payment to each such party of its respective share of such remaining proceeds, the obligations of the Issuer to each such party will be extinguished in full.

- (iii) The provisions of this Condition 7(g) will survive the termination of these Conditions. In the case of discrepancy between this Condition 7(g) and any other provision, the provisions of this Condition 7(g) will prevail.

8. ***Taxation***

All payments of principal and interest on the Notes will be made without withholding or deduction for, or on account of, present or future taxes, duties, assessments or governmental charges of any nature by the Issuer or any Paying Agent unless required by law (or under FATCA), in which case the Issuer or that Paying Agent will make that payment net of such withheld or deducted amounts and will account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to Noteholders for such withholding or deduction.

Notwithstanding the foregoing, if a tax referred to in Condition 5(b) (*Redemption for taxation and other reasons*) arises and, subject as set out in such Condition, as a result of such tax the Issuer either (i) does not or would not have sufficient amounts to make payments due on the Notes in full or (ii) would be required to deduct amounts from its payments on the Notes, then the amounts payable or to be paid on the Notes will be proportionately reduced by an amount equal to such insufficiency or deduction. No such reduction will be an Event of Default under Condition 10 (*Events of Default*).

9. ***Prescription***

The Notes will become void unless claims for payment of principal or interest are made within ten years of the Relevant Date for such Notes. After the date when a Note becomes void, no claim may be made regarding such Note.

10. ***Events of Default***

If the following events (each an "**Event of Default**") occur, the Trustee at its absolute discretion may, and, if so directed by the Controlling Class acting by way of a Written Resolution or an Extraordinary Resolution (and subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction), will deliver an Enforcement Notice to the Issuer, the Security Trustee, the Account Bank, the Cash Manager and the Principal Paying Agent, with a copy to each Rating Agency, declaring the Notes due and payable and each Note will accordingly become immediately due and payable, without further action or formality, at its Principal Amount Outstanding together with accrued interest and the Security will become enforceable:

(a) **Non-payment**

subject to Condition 8 (*Taxation*), (i) default in the payment of any Interest Amount due on a Note of the Controlling Class when the same becomes due and payable on each Payment Date and such default continues for a period of five Business Days or more or (ii) default in the payment of principal due on the Notes or any of them when the same becomes due and payable on its final maturity;

(b) **Breach of other obligations**

the Issuer fails to perform or comply with one or more of its other obligations (other than a failure to perform or comply with obligations which failure, in the opinion of the Trustee, is not materially prejudicial to the interests of the Controlling Class) under the Transaction Documents and such failure to perform or comply has a Material Adverse Effect and

(except where such failure is not capable of remedy when no such notice as is referred to below will be required) such failure will continue or has continued for more than 60 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of a notice requiring the same to be remedied;

(c) **Security**

the Security (or part of the Security) becomes void, unenforceable or ineffective (other than where such termination of the Security or such Security becoming void, unenforceable or ineffective is, in the opinion of the Trustee, not materially prejudicial to the interests of the Controlling Class); or

(d) **Insolvency Event**

an Insolvency Event occurs regarding the Issuer.

Following an Enforcement Notice being given by the Trustee under this Condition 10, notice to that effect will be given by the Trustee to all Noteholders in compliance with Condition 15 (*Notices*).

11. ***Enforcement and non-petition***

Only the Trustee and the Security Trustee may pursue the remedies available under the Trust Deed or the Deed of Charge, as applicable, to enforce the rights of the Secured Parties. No other Secured Party has the right to proceed against the Issuer. Neither the Security Trustee, nor any Secured Party may take any action, or has any rights, against the Issuer to recover any amount still unpaid once the Security is enforced and the net proceeds of such Security distributed in compliance with Condition 2 (*Status and Security*), and any such liability will be extinguished. None of the Trustee, the Security Trustee nor any Secured Party will have the right, until the expiry of two years and one day after the payment of all amounts outstanding under the Notes, to petition or take any other step for the winding-up of the Issuer **provided that** the Security Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and **provided further that** the Security Trustee, may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer.

The Trustee, and as the case may be under this Condition 11 (*Enforcement and non-petition*), the Security Trustee will, except as otherwise directed by the Controlling Class acting by way of a Written Resolution or an Extraordinary Resolution at the relevant date, or in relation to the Security Trustee only in relation to amendments and waivers, except as otherwise directed by the Trustee, have absolute and uncontrolled discretion as to the exercise and non-exercise of all trusts, rights, powers, authorities or discretions conferred on them by or under the Trust Deed, the Deed of Charge or any Transaction Document to which they are a party or conferred on them by operation of law.

The provisions of this Condition 11 will survive the termination of these Conditions. In the case of discrepancy between this Condition 11 and any other provision, the provisions of this Condition 11 will control.

12. ***Meetings of Noteholders, amendments, waiver and substitution***

(a) **Meetings of Noteholders**

(i) The Trust Deed contains terms for convening separate meetings of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class S Noteholders to consider matters affecting their interests, including the sanctioning by a resolution passed at a meeting convened and held in compliance with the Trust Deed by at least 75% of votes cast of a modification of the Trust Deed, the Deed of Charge or these Conditions.

(ii) A meeting of Noteholders may be convened by the Issuer or by the Trustee and shall be convened by the Trustee, subject to its being indemnified and/or

prefunded and/or secured to its satisfaction upon the request in writing of Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of Notes of the relevant Class.

- (iii) Subject as provided below, the quorum for meetings of holders of the Notes for passing an Ordinary Resolution will be one or more persons holding or representing 20% of the principal amount of the relevant Class for the time being outstanding or, at an adjourned meeting, one or more persons holding or representing Holders of Notes of the relevant Class then outstanding, whatever the principal amount of the Notes of the relevant Class so held or represented.
- (iv) The quorum for meetings of holders of the Notes for passing an Extraordinary Resolution will be one or more persons holding or representing 50% or, where the Extraordinary Resolution is in respect of a Basic Terms Modification, 75% of the principal amount of the relevant Class for the time being outstanding or, at an adjourned meeting (other than where the Extraordinary Resolution is in respect of a Basic Terms Modification), one or more persons holding or representing Holders of Notes of the relevant Class then outstanding, whatever the principal amount of the Notes of the relevant Class so held or represented.
- (v) An Extraordinary Resolution passed at a meeting of Class of Noteholders will be binding on all Noteholders of that Class whether or not they were present at such meeting. An Extraordinary Resolution which in the sole opinion of the Trustee affects more than one Class of Noteholders and gives or may give rise to a conflict of interest between the Holders of such Classes of Notes will be deemed to have been passed only if it will be passed by at least 75% of the Holders of a meeting of the most senior Class outstanding so affected notwithstanding a resolution of the Holders of another Class so affected, **provided that** no resolution of Holders of the most senior Class outstanding which would have the effect of releasing or substituting the Security or part of the Security, or which relates to any matter that constitutes a Basic Terms Modification, or which would alter this proviso, will be effective unless sanctioned by an Extraordinary Resolution of Holders of each relevant affected Class of Notes.
- (vi) The quorum at any meeting of Noteholders for passing an Extraordinary Resolution to:
 - (A) sanction a modification of the date of maturity of Notes;
 - (B) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes;
 - (C) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (including, in relation to any Class of Notes if any such modification is proposed for any Class of Notes ranking senior to such Class in the Priority of Payments) (other than as part of a Base Rate Modification);
 - (D) alter the currency in which payments under the Notes are to be made;
 - (E) alter the quorum or majority required in relation to this exception;
 - (F) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes;
 - (G) alter any of the provisions contained in this exception; or
 - (H) make any change to the definition of Basic Terms Modification,

(each, a "**Basic Terms Modification**") will be one or more persons holding or representing 75% of the principal amount of each relevant affected Class for the time being outstanding or, or at an adjourned such meeting at least 25%, in principal amount of the relevant Class for the time being outstanding.

(b) **Amendments and waiver**

- (i) Subject to Condition 2(l)(iv), the Trustee may, without prejudice to its rights regarding a future breach or event, from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders will not be materially prejudiced, waive or authorise a breach or proposed breach, or direct the Security Trustee to waive or authorise a breach or proposed breach, by the Issuer of the provisions of the Trust Deed, the Deed of Charge or the other Transaction Documents or determine that any event will not be treated as an Event of Default for the purposes of the Trust Deed, **provided that** the Trustee will not exercise a power conferred on it by this Condition 12(b)(i) in contravention of a direction given by the Controlling Class acting by way of Written Resolution or by way of Extraordinary Resolution in compliance with these Conditions but no such direction will affect an authorisation, waiver or determination previously given or made. Such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, will be binding on the Noteholders and, unless otherwise agreed by the Trustee, the Issuer will then give notice to the Noteholders of such waiver, authorisation or determination in compliance with Condition 15 (*Notices*) as soon as practicable.
- (ii) The Trustee may without consulting or obtaining the consent of the Noteholders at any time and from time to time concur with the Issuer in making any modification:
 - (A) to these Conditions or any Transaction Document (excluding in relation to a Basic Terms Modification) which in the opinion of the Trustee will not be materially prejudicial to the interests of the Noteholders (subject to Condition 2(l)(iv)); or
 - (B) to these Conditions or any Transaction Document (including in relation to a Basic Terms Modification) if in the opinion of the Trustee such modification is of a formal, minor or technical nature, to correct a manifest error or to comply with law.
- (iii) Notwithstanding the provisions of Condition 12(b)(ii), the Trustee shall be obliged, and shall direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Parties, but subject to the receipt of written consent from each of the Secured Parties party to the Transaction Document being modified, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions or any other Transaction Document that the Issuer considers necessary:
 - (A) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, **provided that**:
 - (1) the Issuer certifies in writing to the Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
 - (2) in the case of any modification to a Transaction Document or these Conditions proposed by the Account Bank in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue

performing such role (including, without limitation, advancing funds):

- (aa) the Account Bank certifies in writing to the Issuer, the Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph (2)(x) and/or (y) above;
 - (bb) either:
 - (i) the Account Bank obtains from each of the Rating Agencies a Rating Agency Confirmation in relation to the Controlling Class and, if relevant, delivers a copy of any such Rating Agency Confirmation to the Issuer, the Trustee and the Security Trustee; or
 - (ii) the Issuer certifies in writing to the Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent);
 - (cc) the Account Bank pays all costs and expenses (including legal fees) incurred by the Issuer, the Trustee and the Security Trustee in connection with such modification; and
- (B) for the purpose of complying with any changes in the UK Securitisation Regulation or the EU Securitisation Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, **provided that** the Issuer certifies to the Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
 - (C) for the purpose of enabling the Notes to be (or to remain) listed on the London Stock Exchange, **provided that** the Issuer certifies to the Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
 - (D) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), **provided that** the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
 - (E) for so long as the Rated Notes are intended to be held in a manner which will allow for Eurosystem eligibility, for the purpose of enabling the Rated Notes to be or remain eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, **provided that** the Issuer certifies to the Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (F) for the purpose of complying with any changes in the requirements of the UK CRA Regulation or the EU CRA Regulation (in each case, if and to the extent applicable) after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK CRA Regulation or the EU CRA Regulation and Commission Delegated Regulation 2015/3 or Commission Delegated Regulation 2015/3 as it forms part of domestic law of the UK by virtue of the EUWA (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**CRA3 Requirements**"), including any requirements imposed by any other obligation which applies under the CRA3 Requirements and/or any new regulations or official guidance in relation thereto, or which are required to comply with Article 7 of the UK Securitisation Regulation, **provided that** the Issuer certifies to the Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided pursuant to Conditions 12(b)(ii)(A) to (F) (inclusive) above being "**Modification Certificate**"), **provided that:**

- (1) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee and the Security Trustee;
- (2) the Modification Certificate in relation to such modification shall be provided to the Trustee and the Security Trustee both at the time the Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect; and
- (3) the consent of each Secured Party which is party to the relevant Transaction Document has been obtained;

and **provided further that**, other than in the case of a modification pursuant to Condition 12(b)(iii)(B) and (D):

- (I) other than in the case of modification pursuant to Condition 12(b)(iii)(A)(2) above, either:
 - (aa) the Issuer (or the Servicer on its behalf) obtains from each of the Rating Agencies a Rating Agency Confirmation in relation to the Controlling Class and, if relevant, it has provided a copy of any such Rating Agency Confirmation to the Trustee and the Security Trustee with the Modification Certificate; or
 - (bb) the Issuer certifies in the Modification Certificate that it has given the Rating Agencies at least 10 Business Days' prior written notice of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, qualification or, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any such Notes on rating watch negative (or equivalent); and

- (II) the Issuer has (i) provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 15 (*Notices*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes, and (ii) certified to the Trustee and the Security Trustee that Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the Controlling Class have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the Controlling Class have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Controlling Class is passed in favour of such modification in accordance with this Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*).

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (iv) Other than where specifically provided in Condition 12(b)(iii) above or any Transaction Document:
 - (A) when implementing any modification pursuant to Condition 12(b)(iii) above (save to the extent the Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Trustee and the Security Trustee shall not consider the interests of the Noteholders, any other Secured Party or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 12(b)(iii) above and shall not be liable to the Noteholders, any other Secured Party or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (B) neither the Trustee nor the Security Trustee shall be obliged to agree to any modification which, in its sole opinion would have the effect of (i) exposing it to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing its rights or protection in the Transaction Documents and/or these Conditions.
- (v) Any modification implemented in accordance with this Condition 12(b) shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:
 - (A) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;

- (B) the Secured Parties; and
 - (C) the Noteholders in accordance with Condition 15 (*Notices*).
- (c) **Additional right of modification**
- (i) Without prejudice to Condition 12(b)(ii) and (iii) but subject to Conditions 12(c)(ii) to 12(c)(viii) below, the Trustee shall be obliged, without any consent or sanction of the Noteholders, or any of the other Secured Parties, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to any Transaction Document to which it is a party or in relation to which it holds security that the Issuer (or the Cash Manager on its behalf) considers necessary for the purpose of changing Compounded Daily SONIA or the base rate that then applies in respect of the Floating Rate Notes and/or any consequential amendments to any related Swap Agreement to an alternative base rate (any such rate, whether new or amended, which may include an alternative computation of SONIA, an "**Alternative Base Rate**") and make such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer (or the Cash Manager on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that the Issuer (or the Cash Manager on its behalf), certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
 - (A) such Base Rate Modification is being undertaken due to:
 - (1) a material disruption to SONIA or any other relevant interest rate benchmark, an adverse change in the methodology of calculating such interest rate benchmark or such interest rate benchmark ceasing to exist or be published;
 - (2) the insolvency or cessation of business of the administrator of SONIA or any other relevant interest rate benchmark (in circumstances where no successor administrator has been appointed);
 - (3) a public statement by the administrator of SONIA or any other relevant interest rate benchmark that it will cease publishing the relevant interest rate benchmark permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such interest rate benchmark) or has changed or will change such interest rate benchmark in an adverse manner;
 - (4) a public statement by the supervisor of the administrator of SONIA or any other relevant interest rate benchmark that the relevant interest rate benchmark has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - (5) a public statement by the supervisor of the administrator of SONIA or any other relevant interest rate benchmark that means the relevant interest rate benchmark might no longer be used or that its use is subject to restrictions or adverse consequences;
 - (6) a public announcement of the permanent or indefinite discontinuation of SONIA or the relevant base rate that applies to the Notes at such time;
 - (7) it having become unlawful and/or impossible and/or impracticable for the Principal Paying Agent and/or the Cash Manager and/or the Servicer (as applicable) to calculate any

payments due to be made to any Noteholder using SONIA or the relevant base rate that applies to the Notes at such time;

- (8) the Alternative Base Rate being adopted in a material number of publicly-listed issues of asset-backed floating rate notes denominated in the same currency as any of the Notes; or
- (9) the reasonable expectation of the Issuer (or the Cash Manager on its behalf) that any of the events specified in sub-paragraphs (1) to (8) will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(B) such Alternative Base Rate is:

- (1) a base rate published, endorsed, approved or recognised by the Bank of England or the European Central Bank, any regulator in the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
- (2) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed notes prior to the effective date of such Base Rate Modification (for these purposes, unless agreed otherwise by the Trustee, five such issues shall be considered material); or
- (3) such other base rate as the Cash Manager (on behalf of the Issuer) reasonably determines and, for the avoidance of doubt, the Issuer (or the Cash Manager on its behalf) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 12(c)(i) are satisfied.

(ii) The Trustee is only obliged to concur with the Issuer in making any modification (other than a Basic Terms Modification) to any Transaction Document pursuant to this Condition 12(c) if:

- (A) the Base Rate Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (B) the consent of each Secured Party (other than the Trustee) which is party to the Transaction Documents proposed to be modified has been obtained (evidence of which shall be provided to the Trustee at the same time as the provision of the Base Rate Modification Certificate); and
- (C) the person who proposes such modification pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Trustee and each other applicable party including, without limitation, any of the Secured Parties in connection with such modifications,

and provided further that:

- (1) either: (I) the Issuer (or the Cash Manager on its behalf) obtains from each of the Rating Agencies written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) (such written confirmation to be provided with the Base Rate Modification Certificate); or (II) the Issuer (or the Cash Manager

on its behalf) certifies in the Base Rate Modification Certificate that it has notified in writing each of the Rating Agencies of the proposed modification and in its opinion, formed on the basis of due consideration, such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by any Rating Agency or (y) any Rating Agency placing any Notes on rating watch negative (or equivalent); and

- (2) the Issuer certifies in writing to the Trustee (which certification may be in the Base Rate Modification Certificate) that in relation to such modification (I) the Issuer has provided at least 30 calendar days' notice to the Noteholders of the proposed modification in accordance with Condition 15 (*Notices*) (and shall have provided a draft of such notice to the Trustee at least 5 Business Days before delivery to the Noteholders) and by publication on Bloomberg on the "Company News" screen relating to the Notes in each case specifying the date and time by which Noteholders must respond (which must be no less than 30 calendar days after the date on which the notice above is published in accordance with Condition 15 (*Notices*)), the relevant circumstance giving rise to the Base Rate Modification under Condition 12(c)(i)(A), the Alternative Base Rate being proposed under Condition 12(c)(i)(B) and details of any consequential or related amendments, and (II) Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the most senior Class of Floating Rate Notes then outstanding have not contacted the Issuer via the Principal Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such notes may be held by the time specified in such notice that such Noteholders do not consent to the modification.
- (iii) If, in connection with Condition 12(c)(ii)(1)(I), a written request for written confirmation from each of the Rating Agencies is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:
 - (A) (1) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such written confirmation necessary in the circumstances or that it does not, as a matter of practice or policy provide such written confirmation, or (2) within 30 days of delivery of such written request to a Rating Agency, no written confirmation is received from such Rating Agency and/or such written request elicits no statement by such Rating Agency that such written confirmation could not be given; and
 - (B) one Rating Agency gives such written confirmation based on the same facts,

then Condition 12(c)(ii)(1)(I) shall be deemed modified so that there shall be no requirement for the written confirmation from the Non-Responsive Rating Agency if the Issuer provides to the Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraphs (A) and (B) above has occurred, the Issuer having sent a written request to each Rating Agency, and the Trustee shall be entitled to rely upon such certificate without further enquiry or liability to any person for so doing.

- (iv) The Trustee shall be entitled to rely without further enquiry or liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to this Condition 12(c). The Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating

Agency and shall treat Condition 12(c)(ii)(1)(I) as having been modified with the consent of all Noteholders so that there shall be no requirement for such written confirmation from such Non-Responsive Rating Agency.

- (v) If Noteholders representing at least 10% of the aggregate Principal Amount Outstanding of the most senior Class of Floating Rate Notes then outstanding have notified the Issuer via the Principal Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such Notes may be held by the time specified in such notice that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the most senior Class of Floating Rate Notes then outstanding is passed in favour of such modification in accordance with this Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*).
- (vi) When implementing any modification pursuant to this Condition 12(c), the Trustee shall not consider the interests of the Noteholders, any other Secured Party or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer, the Cash Manager or the relevant Transaction Party, as the case may be, pursuant to this Condition 12(c) and shall not be liable to the Noteholders, any other Secured Party or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.
- (vii) The Trustee shall not be obliged to agree to any modification pursuant to this Condition 12(c) which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Trust Deed or the Transaction Documents.
- (viii) Any modification implemented pursuant to this Condition 12(c) shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:
 - (A) so long as any of the notes rated by the Rating Agencies remains outstanding, each Rating Agency;
 - (B) the Secured Parties; and
 - (C) the Noteholders in accordance with Condition 15 (*Notices*)
- (d) **Substitution**
 - (i) Subject to the more detailed terms of the Trust Deed and subject to such amendment of the Trust Deed, the Deed of Charge and the other Transaction Documents and such other conditions as the Trustee may require, including as to satisfaction that the interests of the Noteholders will not be materially prejudiced by the substitution or exchange and as to the transfer of the Security, but without the consent of the Noteholders or the Secured Parties, the Trustee may agree to the substitution of any other company or other entity in place of the Issuer as principal debtor under the Trust Deed and the Notes and replacement for it under the Deed of Charge and the other Transaction Documents, **provided that** a Rating Agency Confirmation is provided that the substitution will not adversely affect the ratings of each Class of Rated Notes. Such substitution will be subject to the relevant terms of the Trust Deed and the other Transaction Documents and to such amendments of the Trust Deed and the other Transaction Documents as the Trustee may deem appropriate. Under the Trust Deed, the Issuer is required to use its best efforts to cause the substitution as principal debtor under the Trust Deed and the Notes and replacement for it under the Deed of Charge and other Transaction Documents by a company or other entity in some other jurisdiction

if the Issuer becomes subject to a form of Tax or similar imposition contemplated by Conditions 5(b) and 8. Such substitution will be binding on the Noteholders.

- (ii) The Trustee may, without the consent of the Noteholders or the other Secured Parties, agree to a change in the place of residence of the Issuer for Taxation purposes **provided that** (i) the Issuer does all such things as the Trustee may require in order that such change is fully effective and complies with such other requirements in the interests of the Noteholders as it may request and (ii) the Issuer provides the Trustee with an Opinion of Counsel satisfactory to the Trustee to the effect that the change of residency of the Issuer will not cause withholding or deduction to be made on payments on the Notes.

(e) **Entitlement of the Trustee**

In connection with the exercise of its powers, trusts, authorities or discretions (including, without limitation those related to a proposed amendment, waiver, authorisation or substitution) the Trustee will take into account the interests of the Noteholders as a Class and, without prejudice to the generality of the foregoing, will not take into account the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, a particular territory and the Trustee will not have the right to require, nor will the Noteholders have the right to claim, from the Issuer or any other person indemnification or payment for a tax consequence of an exercise for individual Noteholders.

13. ***Indemnification of the Trustee and the Security Trustee***

The Trust Deed, the Deed of Charge and certain other of the Transaction Documents contain terms for the indemnification of the Trustee and the Security Trustee and for their relief from responsibility including for the exercise of rights under the Trust Deed and the other Transaction Documents (including, but without limitation, those related to the Security), for the sufficiency and enforceability of the Trust Deed and the other Transaction Documents (which the Trustee has not investigated) and the validity, sufficiency and enforceability of the Deed of Charge and for taking proceedings to enforce payment unless, indemnified and/or secured and/or prefunded to its satisfaction. The Trustee and the Security Trustee and their affiliates have the right to enter into business transactions with the Issuer, a subsidiary or other affiliate of the Issuer or any other party to the Transaction Documents or an obligor in connection with the Security or their subsidiary, holding or associated companies and to act as Trustee or Security Trustee for the holders of securities issued by them without, accounting to the Noteholders for profit resulting therefrom.

The Trustee and the Security Trustee are exempted from liability related to loss or theft or reduction in value of the Security and from an obligation to insure or to cause the insuring of the Security.

The Trust Deed and the Deed of Charge provide that the Trustee or the Security Trustee will not be obliged to take action on behalf of the Noteholders and the Secured Parties unless the Trustee and/or the Security Trustee is indemnified and/or secured and/or prefunded to its satisfaction. Further, neither the Trustee nor the Security Trustee will be obliged to act on behalf of the Noteholders or other Secured Parties where it would not have the power to do so by virtue of applicable law or where such action would be illegal in an applicable jurisdiction.

14. ***Replacement of Notes***

If a Note is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and regulations, at the specified office of the Registrar on payment by the claimant of the taxes, fees and costs properly incurred in connection with such replacement and on such terms as to evidence, security and indemnity as the Issuer, the Trustee, the Registrar or the Principal Paying Agent may require and otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

15. **Notices**

Subject to the subparagraphs below providing for other means of notices, and only if these other means are not practicable, notices to Noteholders will be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). Such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of first publication, in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee will approve.

Until such time as Definitive Notes are issued, there may, so long as Global Notes representing the Class A Notes, the Class B Notes, Class C Notes, the Class D Notes or the Class E Notes are held in their entirety on behalf of Clearstream, Luxembourg and/or Euroclear, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear, for communication by them to the Holders of the Rated Notes and, in addition, for so long as the Rated Notes are listed on a stock exchange or are admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. Such notice will be deemed to have been given to the Holders of the Rated Notes on the seventh day after the day on which such notice was given to Clearstream, Luxembourg and/or Euroclear.

Notice to the Noteholders will be validly given if transmitted individually to the address set out in the Register for such Noteholder. While any Rated Notes are represented by a Global Note, such notice may be given by a Holder of such Rated Notes to the Registrar through Clearstream, Luxembourg and/or Euroclear in such manner as the Registrar and Clearstream, Luxembourg and/or Euroclear may approve for this purpose.

For so long as the Rated Notes are admitted to trading on the London Stock Exchange's Main Market, copies of all notices given under these Conditions will be sent to the London Stock Exchange.

16. **Governing law and jurisdiction**

- (a) The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by, and will be construed in accordance with, English law.
- (b) The courts of England will have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) and any legal action or proceedings arising out of or in connection with such disputes may be brought in such courts. The Issuer irrevocably submits to the exclusive jurisdiction of such courts and waives any objections to proceedings in such courts on the ground of venue or on the ground that they have been brought in an inconvenient forum. This submission is for the benefit of the Security Trustee and will not limit the right of the Security Trustee to take legal action or proceedings in any other court of competent jurisdiction nor will the taking of such proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

17. **Rights of third parties**

No person will have any right to enforce any term or condition of this Note by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

18. **Definitions**

"Accelerated Priority of Payments" has the meaning given to it in Condition 2(j) (*Application of proceeds following service of an Enforcement Notice*).

"Account Bank" means Lloyds Bank plc, as at the Closing Date, and any replacement account bank appointed under the Account Bank Agreement.

"Account Bank Agreement" means the account bank agreement dated on or about the Closing Date between the Issuer, the Servicer, the Security Trustee, the Account Bank and the Cash Manager.

"Accountholder" has the meaning given to it in the definition of Noteholders.

"Additional Account" means any additional account to be opened in the name of the Issuer pursuant to the terms of the Account Bank Agreement.

"Additional Interest" has the meaning given to it in Condition 4(k)(ii).

"Affiliate" means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.

"Agency Agreement" means the agreement dated on or about the Closing Date between, among others, the Issuer and the Agents.

"Agents" means the Paying Agents and the Registrar and **"Agent"** means any one of these.

"Aggregate Outstanding Principal Balance" means, in respect of all Purchased Receivables at any time, the aggregate of the Outstanding Principal Balance of all such Purchased Receivables which, as at such time, are not Defaulted Receivables.

"Ancillary Rights" means the ancillary rights associated with each Purchased Receivable (excluding the Excluded Rights), other than ownership and rights associated with ownership of the Vehicle to which such Purchased Receivable relates and must include (but is not limited to) the following (without prejudice to the foregoing):

- (a) in addition to all sums and amounts paid or to be paid, the right to demand, sue for, recover, receive and give receipts for all amounts due (whether or not from Customers) related to such Purchased Receivable under or relating to the relevant Purchased Receivable Agreement;
- (b) the benefit of all covenants and undertakings from Customers and from guarantors related to such Purchased Receivable under or relating to or in connection with the relevant Purchased Receivable Agreement;
- (c) the benefit of all causes and rights of action against Customers and guarantors related to such Purchased Receivable under or relating to or in connection with the relevant Purchased Receivable Agreement;
- (d) all rights, title, interest, powers and benefit, present and future, of the Seller in a motor vehicle insurance policy relating to the Vehicle to which such Purchased Receivable relates and proceeds relating to the same;
- (e) all rights, title, interest and benefit, present and future, of the Seller to any Vehicle Proceeds or under any Vehicle Sale Contract relating to the Vehicle relating to such Purchased Receivable (including, the rights related to repossessed Vehicles) and all causes or rights of action against any other party to the agreement and otherwise arising from the same;
- (f) the benefit of any other rights, title, interests, powers or benefits of Black Horse in relation to such Purchased Receivable; and
- (g) the purchase price paid or to be paid, the right to demand, sue for, recover, receive and give receipts for all such amounts due related to such Purchased Receivable from a Collection Agent on such Purchased Receivables becoming a Written-Off Receivable, being repurchased by Black Horse, and being sold to a Collection Agent according to the Credit and Collection Procedures.

"Arranger" means Lloyds Bank Corporate Markets plc, as arranger.

"Auditors" means Deloitte LLP, the auditors for the time being of the Issuer.

"Authorised Investments" means:

- (a) Sterling gilt-edged securities; and
- (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments:

- (i) have a maturity date of 30 days or less and mature before the next following Payment Date or within 30 days, whichever is sooner (and in each case for at least the price paid for the relevant investment); and
- (ii) are rated at least:
 - (A) "A-1" by S&P; and
 - (B) "R-1(low)" by DBRS,or an equivalent rating by another rating agency.

"Available Funds" means Available Interest Collections and Available Principal Collections.

"Available Interest Collections" means, in relation to a Payment Date, an amount equal to the sum of:

- (a) the aggregate Interest Collections for all Purchased Receivables allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems;
- (b) the aggregate Recoveries for all Purchased Receivables allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems;
- (c) interest earned on the Issuer Accounts (other than the Swap Collateral Account) during the Collection Period immediately preceding that Payment Date;
- (d) income on Authorised Investments during the Collection Period immediately preceding that Payment Date;
- (e) any amounts received from the Swap Counterparty and/or the Swap Guarantor under the Swap Agreement (other than any amount standing to the credit of the Swap Collateral Account which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments));
- (f) all amounts standing to the credit of the Liquidity Reserve Fund as at the Calculation Date immediately preceding that Payment Date;
- (g) the aggregate of all Available Principal Collections (if any) which are applied to make up any Remaining Interest Collections Shortfall on that Payment Date (only to the extent required after calculating any Remaining Interest Collections Shortfall);
- (h) any Surplus Available Principal Collections on that Payment Date;
- (i) on each Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Interest Collections in accordance with Condition 2(h) (*Determinations and Reconciliation*);

- (j) (without double counting) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale Deed in respect of an exercise by the Issuer of the Clean-Up Call, such amount of the Final Repurchase Price received by the Issuer on that Payment Date representing amounts other than the Outstanding Principal Balance of the Final Receivables as at that Payment Date; and
- (k) any other amounts received by the Issuer in respect of the Purchased Receivables that are not in respect of the Principal Element of the Purchased Receivables and that are allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems,

less, on each Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Principal Collections in accordance with Condition 2(h) (*Determinations and Reconciliation*).

"Available Principal Collections" means, in relation to a Payment Date, an amount equal to the sum of:

- (a) the aggregate Principal Collections for all Purchased Receivables allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems;
- (b) the amount, if any, to be credited to the Principal Deficiency Ledger pursuant to items (ix), (xii), (xv), (xviii), (xxi) and (xxii) of the Interest Priority of Payments on that Payment Date;
- (c) on the first Payment Date, an amount equal to £482.59 representing the excess of the subscription proceeds of the Notes over the Initial Purchase Price;
- (d) on each Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Principal Collections in accordance with Condition 2(h) (*Determinations and Reconciliation*);
- (e) (without double counting) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale Deed in respect of an exercise by the Issuer of the Clean-Up Call, such amount of the Final Repurchase Price received by the Issuer on that Payment Date representing the Outstanding Principal Balance of the Final Receivables as at that Payment Date; and
- (f) any other amounts received by the Issuer in respect of the Purchased Receivables that are in respect of the Principal Element of the Purchased Receivables and that are allocable to the Collection Period immediately preceding that Payment Date pursuant to the Servicer's systems,

less, on each Payment Date following a Determination Period, any Reconciliation Amounts to be applied as Available Interest Collections in accordance with Condition 2(h) (*Determinations and Reconciliation*).

"Back-Up Facilitator" means Lloyds Bank plc in its capacity as back-up facilitator, or any replacement back-up facilitator appointed under the Back-Up Facilitator Agreement.

"Back-Up Facilitator Agreement" means the back-up facilitator agreement dated on or about the Closing Date between, among others, the Issuer, the Security Trustee and the Back-Up Facilitator.

"Back-Up Servicer" means a back-up servicer to be appointed (if applicable) pursuant to the terms of the Servicing Agreement or the Back-Up Facilitator Agreement.

"Basic Terms Modification" has the meaning given to it in Condition 12(a)(vi) (*Meetings of Noteholders*).

"Black Horse" means Black Horse Limited, a company incorporated in England and Wales under number 00661204, having its registered office at 25 Gresham Street, London, EC2V 7HN, England.

"Business Day" means a day (other than Saturday, Sunday or public holidays) on which the banks are open in London for the settlement of interbank operations and the setting of market indices.

"Calculation Date" means the date falling five Business Days prior to the end of each Calculation Period.

"Calculation Period" means the period from (and including) a Payment Date to (but excluding) the immediately following Payment Date, **provided that** the first Calculation Period will be from (and including) the Closing Date to (but excluding) the first Payment Date.

"Car Data Register" means the company with which the Seller registers its interest in a Vehicle from time to time, which at the Closing Date are Equifax Limited, Experian Limited, and HPI Limited.

"Cash Management Agreement" means the cash management agreement dated on or about the Closing Date between, among others, the Issuer and the Cash Manager.

"Cash Manager" means Black Horse, in its capacity as cash manager, or such other person as may from time to time be appointed as cash manager pursuant to the Cash Management Agreement.

"Cash Manager Termination Event" means the events specified in clause 11.1(a) (*Cash Manager Termination Events*) of the Cash Management Agreement.

"CCA" means the Consumer Credit Act 1974, as amended by the Consumer Credit Act 2006 and associated secondary legislation.

"CCA Compensation Amount" means the amount, calculated by the Servicer in accordance with the Servicing Agreement to compensate the Issuer for any loss caused as a result of a breach of the Receivables Warranties arising as a result of any Purchased Receivables or related Receivable Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA, excluding for the avoidance of doubt any losses related to the Interest Element of the relevant Purchased Receivable.

"CCA Compensation Payment" means the payment made by the Seller to the Issuer to compensate the Issuer for any loss caused as a result of any Purchased Receivable or the related Receivable Agreement (or part thereof) being determined illegal, invalid non-binding or unenforceable under the CCA as an amount equal to the CCA Compensation Amount.

"Change of Control Event" has the meaning given to the term in clause 8.1(b) (*Termination*) of the Back-Up Facilitator Agreement.

"Charged Property" means the assets and agreements from time to time charged in the manner set out in the Deed of Charge to secure the Secured Obligations.

"Class" means each class of Notes.

"Class A Interest Rate" has the meaning given to it in Condition 4(c) (*Class A Interest Rate*).

"Class A Liquidity Reserve Fund Required Amount" means an amount equal to:

- (a) prior to the Payment Date on which the Class A Notes are repaid in full, an amount equal to 0.75% of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; or
- (b) on or after the Payment Date on which the Class A Notes are repaid in full, zero.

"Class A Liquidity Reserve Ledger" means a sub-ledger of the Liquidity Reserve Ledger relating to the Class A Notes.

"Class A Noteholder" means the Holder of a Class A Note.

"Class A Notes" means the £414,800,000 Class A Asset-Backed Fixed Rate Notes due October 2028 issued by the Issuer.

"Class A Principal Deficiency" has the meaning given to the term in Condition 2(d) (*Ledgers*).

"Class A Principal Deficiency Ledger" means a sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes.

"Class B Liquidity Reserve Fund Required Amount" means an amount equal to:

- (a) prior to the Payment Date on which the Class B Notes are repaid in full, an amount equal to 0.75% of the Principal Amount Outstanding of the Class B Notes as at the Closing Date; or
- (b) on or after the Payment Date on which the Class B Notes are repaid in full, zero.

"Class B Liquidity Reserve Ledger" means a sub-ledger of the Liquidity Reserve Ledger relating to the Class B Notes.

"Class B Margin" has the meaning given to it in Condition 4(b) (*Margin*).

"Class B Noteholder" means the Holder of a Class B Note.

"Class B Notes" means the £65,575,000 Class B Asset-Backed Floating-Rate Notes due October 2028 issued by the Issuer.

"Class B Principal Deficiency" has the meaning given to the term in Condition 2(d) (*Ledgers*).

"Class B Principal Deficiency Ledger" means a sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes.

"Class C Liquidity Reserve Fund Required Amount" means an amount equal to

- (a) prior to the Payment Date on which the Class C Notes are repaid in full, an amount equal to 0.75% of the Principal Amount Outstanding of the Class C Notes as at the Closing Date; or
- (b) on or after the Payment Date on which the Class C Notes are repaid in full, zero.

"Class C Liquidity Reserve Ledger" means a sub-ledger of the Liquidity Reserve Ledger relating to the Class C Notes.

"Class C Margin" has the meaning given to it in Condition 4(b) (*Margin*).

"Class C Noteholder" means the Holder of a Class C Note.

"Class C Notes" means the £32,025,000 Class C Asset-Backed Floating-Rate Notes due October 2028 issued by the Issuer.

"Class C Principal Deficiency" has the meaning given to the term in Condition 2(d) (*Ledgers*).

"Class C Principal Deficiency Ledger" means a sub-ledger of the Principal Deficiency Ledger relating to the Class C Notes.

"Class D Liquidity Reserve Fund Required Amount" means an amount equal to:

- (a) prior to the Payment Date on which the Class D Notes are repaid in full, an amount equal to 0.75% of the Principal Amount Outstanding of the Class D Notes as at the Closing Date; or
- (b) on or after the Payment Date on which the Class D Notes are repaid in full, zero.

"Class D Liquidity Reserve Ledger" means a sub-ledger of the Liquidity Reserve Ledger relating to the Class D Notes.

"Class D Margin" has the meaning given to it in Condition 4(b) (*Margin*).

"Class D Noteholder" means the Holder of a Class D Note.

"Class D Notes" means the £30,500,000 Class D Asset-Backed Floating-Rate Notes due October 2028 issued by the Issuer.

"Class D Principal Deficiency" has the meaning given to the term in Condition 2(d) (*Ledgers*).

"Class D Principal Deficiency Ledger" means a sub-ledger of the Principal Deficiency Ledger relating to the Class D Notes.

"Class E Liquidity Reserve Fund Required Amount" means an amount equal to:

- (a) prior to the Payment Date on which the Class E Notes are repaid in full, an amount equal to 0.75% of the Principal Amount Outstanding of the Class E Notes as at the Closing Date; or
- (b) on or after the Payment Date on which the Class E Notes are repaid in full, zero.

"Class E Liquidity Reserve Ledger" means a sub-ledger of the Liquidity Reserve Ledger relating to the Class E Notes.

"Class E Margin" has the meaning given to it in Condition 4(b) (*Margin*).

"Class E Noteholder" means the Holder of a Class E Note.

"Class E Notes" means the £21,350,000 Class E Asset-Backed Floating-Rate Notes due October 2028 issued by the Issuer.

"Class E Principal Deficiency" has the meaning given to the term in Condition 2(d) (*Ledgers*).

"Class E Principal Deficiency Ledger" means a sub-ledger of the Principal Deficiency Ledger relating to the Class E Notes.

"Class S Interest Rate" has the meaning given to it in Condition 4(d) (*Class S Interest Rate*).

"Class S Noteholder" means the Holder of the Class S Notes.

"Class S Notes" means the £45,750,000 Class S Asset-Backed Fixed-Rate Notes due October 2028 issued by the Issuer.

"Class S Principal Deficiency" has the meaning given to the term in Condition 2(d) (*Ledgers*).

"Class S Principal Deficiency Ledger" means a sub-ledger of the Principal Deficiency Ledger relating to the Class S Notes.

"Clean-Up Call" means the optional call granted pursuant to Condition 5(d) (*Clean-Up Call*).

"Clearing System" means any clearing agency, settlement system or depository (including any entity that acts as a system for the central handling of cash in the country where it is incorporated or organised or that acts as a trans-national system for the central handling of cash) used in connection with transactions relating to cash, including Euroclear and Clearstream, Luxembourg, and any nominee or successor in title of the foregoing.

"Clearstream, Luxembourg" means Clearstream Banking, *société anonyme*, which is an ICSD.

"Closing Date" means 11 February 2022, or such later date as may be agreed between the Parties.

"Collection Account" means the bank account or accounts in the name of the Seller into which amounts due from the Customers under their Receivable Agreements are paid.

"Collection Account Trust" means the of trust over the Collection Account by Black Horse in favour of the Issuer made pursuant to the clause 4.6 (*Collection Account Trust*) of the Servicing Agreement.

"Collection Agent" means an entity appointed by the Servicer to, among other things, purchase the Written-Off Receivables.

"Collection Period" means, in relation to a Payment Date, the period from, and including, the 2nd day of the calendar month that is one month prior to the calendar month of such Payment Date to, and including, the 1st day of the calendar month of that Payment Date, **provided that** the Collection Period in respect of the first Payment Date is the period from, and including, the Cut-Off Date to, and including, 1st March 2022.

"Collections" means Interest Collections and Principal Collections.

"Common Safekeeper" means the ICSDs in their capacity as common safekeeper or, if so elected by the ICSDs, either one of them.

"Compounded Daily SONIA" has the meaning given to it in Condition 4(d) (*Compounded Daily SONIA*).

"Conditions" means the terms and conditions of the Notes and **"Condition"** means any one of them.

"Confidential Information" means any information, however conveyed or presented, that relates to the business, affairs, operations, customers, processes, budgets, pricing policies, product information, strategies, developments, trade secrets, know-how, personnel and suppliers of a Transaction Party, together with all information derived by a party from any such information and any other information clearly designated by a Transaction Party as being confidential to it (whether or not it is marked "confidential"), or which ought reasonably be considered to be confidential.

"Controlling Class" means:

- (a) the Holders of Class A Notes then outstanding for so long as Class A Notes are outstanding;
- (b) thereafter, the Holders of the Class B Notes then outstanding for so long as Class B Notes are outstanding;
- (c) thereafter, the Holders of the Class C Notes then outstanding for so long as Class C Notes are outstanding;
- (d) thereafter, the Holders of the Class D Notes then outstanding for so long as Class D Notes are outstanding;
- (e) thereafter, the Holders of the Class E Notes then outstanding for so long as Class E Notes are outstanding; and
- (f) thereafter, the Holders of the Class S Notes.

"Corporate Services Agreement" means the agreement dated on or about the Closing Date between, among others, the Issuer, Holdings and the Corporate Services Provider under which the Issuer and Holdings have appointed the Corporate Services Provider to perform certain corporate and administrative services for each of them.

"Corporate Services Provider" means Intertrust Management Limited in its capacity as corporate services provider, or any replacement corporate services provider appointed under the Corporate Services Agreement.

"Credit and Collection Procedures" means the origination, credit and collection procedures employed by the Seller from time to time in relation to the provision of Services as set out in the

Servicing Agreement, as the same may from time to time be amended in accordance with the Transaction Documents.

"**Credit Support Annex**" means a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into between the Swap Counterparty and the Issuer in connection with the Swap Agreement (or any 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into between the Issuer and any replacement Swap Counterparty).

"**Customer**" means a debtor under a Receivable Agreement.

"**Customer Data**" means any information or data (including personal data), whether or not Confidential Information or personal data (as such term is defined in the Data Protection Act 2018) which is provided or made available to the Issuer and/or the Back-Up Facilitator and/or the Corporate Services Provider under the Servicing Agreement or the Back-Up Facilitator Agreement.

"**Cut-Off Date**" means 2 February 2022.

"**DBRS**" means DBRS Ratings Limited, and any successor to its rating business.

"**DBRS Equivalent Chart**" means the following chart:

DBRS	S&P	Fitch	Moody's
AAA	AAA	AAA	Aaa
AA(high)	AA+	AA+	Aa1
AA	AA	AA	Aa2
AA(low)	AA-	AA-	Aa3
A(high)	A+	A+	A1
A	A	A	A2
A(low)	A-	A-	A3
BBB(high)	BBB+	BBB+	Baa1
BBB	BBB	BBB	Baa2
BBB(low)	BBB-	BBB-	Baa3
BB(high)	BB+	BB+	Ba1
BB	BB	BB	Ba2
BB(low)	BB-	BB-	Ba3
B(high)	B+	B+	B1
B	B	B	B2
B(low)	B-	B-	B3
	CCC+		Caa1
CCC	CCC		Caa2
	CCC-	CCC	Caa3
CC	CC		Ca
C	C		
D	D	D	C

"**DBRS Equivalent Rating**" means:

- (a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the senior unsecured debt of a certain entity (each, a "**Public Long Term Rating**") are all available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings (**provided that** if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch). For this purpose, if more than one Public Long Term Rating has the same highest or same lowest DBRS rating as shown in the DBRS Equivalent Chart, then in each case only one of such Public Long Term Ratings shall be so disregarded in accordance with requirements of the previous sentence and the DBRS Equivalent Rating will be the remaining rating;

- (b) if the DBRS Equivalent Rating cannot be determined under (a) above, but Public Long Term Ratings of a certain entity by any two of Fitch, Moody's and S&P are available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of the lower of such Public Long Term Rating (**provided that** if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch);
- (c) if the DBRS Equivalent Rating cannot be determined under (a) and (b) above, but a Public Long Term Rating by any one of Fitch, Moody's and S&P is available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of such Public Long Term Rating (**provided that** if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch); or
- (d) if the DBRS Equivalent Rating cannot be determined under (a), (b) or (c) above, a DBRS rating of "C".

"Dealer" means any person from whom the Seller purchases a Vehicle to form the subject matter of a Receivable Agreement.

"Dealer Contract" means any contract between the Seller and any Dealer relating to the supply of a Vehicle.

"Deed of Charge" means the deed of charge dated on or about the Closing Date between, among others, the Issuer and the Security Trustee.

"Defaulted Receivable" means any Purchased Receivable in respect of which:

- (a) regarding a Collection Period, a Purchased Receivable where an amount due under the Receivable Agreement has been in arrears for a period of greater than 180 days past the due date, or, if earlier,
- (b) the Purchased Receivable has been declared defaulted in accordance with the Credit and Collection Procedures.

"Deferred Interest" has the meaning given to it in Condition 4(k)(i).

"Deferred Purchase Price" means the consideration payable to the Seller in respect of the Receivables sold to the Issuer, which is due and payable under the terms of the Receivables Sale Deed in accordance with the applicable Priority of Payments.

"Deficiency" has the meaning given to the term under Condition 2(d) (*Ledgers*).

"Definitive Notes" means a definitive registered note representing a holding of Notes and which will represent the Class S Notes on issue, substantially in the form set out in Schedule 1 (*Forms of the Notes*) to the Trust Deed.

"Delinquent Receivable" means, regarding a Collection Period, a Purchased Receivable where an amount due under the Receivable Agreement has been in arrears for a period of greater than 30 days past the due date excluding, for the avoidance of doubt, any Receivable which has become a Defaulted Receivable.

"Distribution Account" means the account maintained at the Account Bank (or any successor of such account bank) in the name of the Issuer with sort code 30-80-12, IBAN GB68LOYD30801222363560, BIC LOYDGB21F09 and account number 22363560 or any other bank account specified as such in compliance with the Account Bank Agreement.

"Eligibility Criteria" means the criteria listed in Schedule 2 (*Eligibility Criteria*) to the Receivables Sale Deed.

"Encumbrance" means any mortgage, sub-mortgage, security assignment or assignment, standard security, charge, sub-charge, pledge, lien, right of set-off or other encumbrance or security interest of any kind, however created or arising, including anything analogous to any of the foregoing under the laws of any jurisdiction.

"Enforcement Notice" means, after the occurrence of an Event of Default, the notice served by the Trustee on the Issuer, the Account Bank, the Cash Manager, the Security Trustee and the Principal Paying Agent declaring the Notes due and payable, after which the Security will become enforceable.

"EU CRA Regulation" means Regulation (EC) No 1060/2009 of the European Parliament on credit rating agencies, as amended.

"EU Securitisation Regulation" means Regulation (EU) 2017/2402 and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority, the European Commission or any other relevant EU regulator (or their successor) in relation thereto.

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear system which is an ICSD.

"EUWA" means the European Union (Withdrawal) Act 2018.

"Event of Default" has the meaning given to it in Condition 10 (*Events of Default*).

"Exchange Act" means the US Securities Exchange Act of 1934, as amended.

"Excluded Rights" means:

- (a) that portion of the amount outstanding under a Purchased Receivable Agreement which relates to any amount paid by a Customer and applied before the relevant Cut-Off Date; or
- (b) any surplus funds remaining on an agreement following the sale of a Vehicle in relation to a VT Receivable or Defaulted Receivable.

"Extraordinary Resolution" means:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*) by a majority of not less than 75% of the votes cast, whether on a show of hands or a poll; or
- (b) a Written Resolution.

"FATCA" means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code and the Treasury regulations and official guidance issued thereunder, each as amended from time to time ("**US FATCA**");
- (b) any inter-governmental agreement between the United States and any other jurisdiction entered into in connection with US FATCA (an "**IGA**");
- (c) any treaty, law, regulation or official guidance enacted, issued or amended in any jurisdiction which facilitates the implementation of US FATCA or an IGA ("**Implementing Law**"); and
- (d) any agreement entered into with the US Internal Revenue Service, the US government or any governmental or tax authority in any other jurisdiction in connection with US FATCA, an IGA or any Implementing Law.

"FATCA Deduction" means any withholding or deducting any amounts required by FATCA.

"FATCA Exempt Party" means a party that is entitled to receive payments free from any FATCA Deduction.

"Final Legal Maturity Date" means the Payment Date falling in October 2028.

"Final Receivables" has the meaning given to the term in clause 7.5(a) (*Clean-up call*) of the Receivables Sale Deed.

"Final Repurchase Price" means an amount equal to the higher of (a) the Outstanding Principal Balance of such Final Receivables at the end of the immediately preceding Calculation Period and all other amounts accrued due and payable under Receivable Agreements from which the Final Receivables derive on or prior to the end of that Calculation Period which have not been paid and (b) all amounts required to be paid on such Payment Date in accordance with the applicable Priority of Payments (taking into account the redemption of the Notes in full) other than amounts due to the Seller in respect of Deferred Purchase Price less any Available Interest Collections and Available Principal Collections to be applied on such Payment Date.

"Floating Rate Notes" means the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

"Financed Vehicles" means the Vehicles which are financed pursuant to the Receivable Agreements.

"FSMA" means the Financial Services and Markets Act 2000, as may be amended from time to time.

"Global Note" means a global note, in fully registered form, without interest coupons attached, representing a Class of the Rated Notes on issue, substantially in the form set out in Schedule 1 (*Forms of the Notes*) to the Trust Deed.

"Governmental Authority" means any multinational, national, federal, state, provincial or local governmental or regulatory or supervisory authority or entity or body or any subdivision thereof, including any agency, instrumentality, division, department, court or other body thereof and entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, for the avoidance of doubt, the FCA.

"Holding Company" means, in respect of a Subsidiary, a company which:

- (a) holds a majority of the voting rights in the afore-mentioned Subsidiary; or
- (b) is a member of the afore-mentioned Subsidiary and has the right to appoint or remove a majority of its board of directors; or
- (c) is a member of the afore-mentioned Subsidiary and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
- (d) is a Holding Company of another company which is the Holding Company of the afore-mentioned Subsidiary.

"Holdings" means Cardiff Auto Receivables Securitisation Holdings Limited, a private company with limited liability incorporated under the laws of England and Wales with registered number 11118330 and whose registered office is at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom.

"ICSDs" means Euroclear and Clearstream, Luxembourg and **"ICSD"** means either one of them.

"Incentive Fee" means the fee (inclusive of VAT) payable to the Insolvency Official of the Seller following an Insolvency Event of the Seller in relation to the sale of the relevant Vehicles in an amount equal to (a) the reasonable costs and expenses of such insolvency official (including any Irrecoverable VAT in respect thereof) incurred in relation to the sale of such Vehicles plus (b) a percentage of the corresponding vehicle realisation proceeds to be (i) until such time as a Replacement Servicer is appointed, 1% of the relevant vehicle realisation proceeds or (ii) at any

time thereafter, as may be agreed by the Servicer or Replacement Servicer with the insolvency official of the Seller pursuant to the Servicing Agreement (up to a maximum amount of 1% of the relevant vehicle realisation proceeds).

"Initial Purchase Price" means the amount, determined as at the Closing Date, as being an amount equal to the aggregate Outstanding Principal Balance due from Customers under each Receivable Agreement from which a Receivable to be sold to the Issuer on the Closing Date is derived (which, for the avoidance of doubt, shall include the last payment under the Receivable Agreement) during the period beginning on (but excluding) the Cut-Off Date and ending on (and including) the maturity date of such Receivable Agreement.

"Insolvency Event" means, for a person:

- (a) the making of a general assignment for the benefit of creditors;
- (b) the filing of a voluntary petition in bankruptcy;
- (c) being adjudged bankrupt or insolvent, or having had an order entered against such person for relief in any bankruptcy or insolvency proceeding;
- (d) the filing by such person of a petition or answer seeking reorganisation, liquidation, dissolution or similar relief under any applicable statute, law or regulation (except for a solvent reorganisation);
- (e) seeking, consenting to or acquiescing in the appointment of a trustee, liquidator, receiver administrator or similar official of such person or of all or any substantial part of such person's assets;
- (f) a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or relating to all or substantially all of its revenues and assets is legally and validly appointed and such appointment is not discharged within 14 days;
- (g) the failure to obtain dismissal or a stay within 60 days of the start of, or the filing by such person of an answer or other pleading admitting or failing to contest the material allegations of, a petition filed against such person in any proceeding against such person seeking:
 - (i) reorganisation, liquidation, dissolution or similar relief under any applicable statute, law or regulation (except for a solvent reorganisation); or
 - (ii) the appointment of a trustee, liquidator, receiver or similar official of such person or of all or any substantial part of such person's assets; or
- (h) the inability of such person to pay its debts as they fall due within the meaning of Section 123(1) of the Insolvency Act 1986.

"Insolvency Official" means, in respect of any company, a liquidator, provisional liquidator, administrator (whether appointed by the court or otherwise), bank administrator, bank liquidator, administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors or any equivalent or analogous officer under the law of any jurisdiction.

"Interest Amount" means the amount of interest payable on each Note for an Interest Period.

"Interest Collections" means all amounts received by the Issuer:

- (a) allocable to the Interest Element of the Purchased Receivables (other than Purchased Receivables that have become Defaulted Receivables, VT Receivables or PCP Handback Receivables) pursuant to the Servicer's systems; and

- (b) in respect of any CCA Compensation Payments, Set-Off Indemnity Amounts, Receivables Indemnity Amounts and Repurchase Price, in each case to the extent that the same represents a payment allocable to the Interest Element of the Purchased Receivables pursuant to the Servicer's systems.

"Interest Element" means, in relation to each Purchased Receivable, all amounts to be received from or on behalf of the Customer in respect of the Receivables other than the Principal Element of that Purchased Receivable and including, for the avoidance of doubt, all fees, costs, any interest charged on interest and expenses received in respect of the Purchased Receivables.

"Interest Period" means the period beginning from (and including) a Payment Date to (but excluding) the next following Payment Date; **provided that** the first Interest Period will be the period beginning from (and including) the Closing Date to (but excluding) the first Payment Date.

"Interest Priority of Payments" has the meaning given to it in Condition 2(e) (*Interest Priority of Payments*).

"Investment Company Act" means the US Investment Company Act of 1940, as amended.

"Irrecoverable VAT" means any amount in respect of VAT incurred by a party to a Transaction Document (for the purposes of this definition, a **"Relevant Party"**) to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) of VATA) for the prescribed accounting period (as that expression is used in Section 25(1) of VATA) to which such input tax relates.

"Issuer" means Cardiff Auto Receivables Securitisation 2022-1 PLC, a public company with limited liability incorporated under the laws of England and Wales with registered number 13436293 and whose registered office is at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom.

"Issuer Accounts" means the Distribution Account, the Liquidity Reserve Account, the Swap Collateral Account, any Additional Account and/or any further account created under the Transaction Documents.

"Issuer Expenses Loan" means the Issuer expenses loan to be made by the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Note Issuance Agreement.

"Issuer Security Power of Attorney" means the security power of attorney provided by the Issuer in favour of the Security Trustee in the form set out in Schedule 1 (*Form of Issuer Security Power of Attorney*) to the Deed of Charge.

"Issuer Trust Amounts" means all amounts from time to time standing to the credit of the Collection Account that the Seller is holding on trust for itself pursuant to the trust declared pursuant to clause 4.6 (*Collection Account Trust*) of the servicing agreement dated 4 December 2019, to the extent that such amounts represent payments into the Collection Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of amounts standing to the credit of Collection Account)..

"Lead Manager" means Lloyds Bank Corporate Markets plc, as lead manager.

"Liquidity Reserve Account" means the account maintained at the Account Bank (or any successor of such account bank) in the name of the Issuer with sort code 30-80-12, IBAN GB13LOYD30801222363968, BIC LOYDGB21F09 and account number 22363968 or any other bank account specified as such under the Account Bank Agreement.

"Liquidity Reserve Fund" means a fund of the Issuer, being, at any time, all amounts standing to the credit of the Liquidity Reserve Ledger.

"Liquidity Reserve Ledger" means the ledger maintained by the Cash Manager, comprising the Class A Liquidity Reserve Ledger, the Class B Liquidity Reserve Ledger, the Class C Liquidity Reserve Ledger, the Class D Liquidity Reserve Ledger and the Class E Liquidity Reserve Ledger, established in order to record, on each Payment Date:

- (a) the application of amounts standing to the credit of the Liquidity Reserve Fund as Available Interest Collections; and
- (b) the application of Available Interest Collections to credit the Class A Liquidity Reserve Ledger, the Class B Liquidity Reserve Ledger, the Class C Liquidity Reserve Ledger, the Class D Liquidity Reserve Ledger and the Class E Liquidity Reserve Ledger.

"Liquidity Reserve Loan" means the liquidity reserve loan to be made by the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Note Issuance Agreement.

"List of Receivables" means the list, dated on or about the Closing Date, containing the identifier number and Outstanding Principal Balance as of the Cut-Off Date for each Receivable to be purchased by the Issuer on the Closing Date, in an email unequivocally marked or identified as relating to the Sale Notice and received by the Issuer and the Security Trustee on or before the Closing Date (or other media as agreed from time-to-time between the Seller and the Issuer including in a CD-ROM).

"Lloyds Banking Group" means Lloyds Bank plc and each of its Affiliates.

"Lloyds Matter" means any resolution, direction, determination, approval or consent that has the effect of, or which relates to:

- (a) not delivering an Enforcement Notice following the occurrence of an Event of Default;
- (b) for so long as the Servicer is a member of Lloyds Bank Group, (i) terminating, or sanctioning the termination by the Issuer of, the appointment of the Servicer following the occurrence of a Servicer Termination Event, (ii) waiving, or sanctioning the waiver by the Issuer of, the occurrence of a Servicer Termination Event, (iii) approving the appointment of a Replacement Servicer, or (iv) approving a modification to the method of calculating the Servicing Fee;
- (c) for so long as the Cash Manager is a member of Lloyds Bank Group, (i) terminating, or sanctioning the termination by the Issuer of, the appointment of the Cash Manager following the occurrence of a Cash Manager Termination Event, (ii) waiving, or sanctioning the waiver by the Issuer of, the occurrence of a Cash Manager Termination Event, or (iii) approving the appointment of a Replacement Servicer;
- (d) for so long as the Account Bank is a member of Lloyds Bank Group, (i) terminating, or sanctioning the termination by the Issuer of, the appointment of the Account Bank following an event set out in clause 11.4 (*Account Bank Termination Events*) of the Account Bank Agreement, (ii) waiving, or sanctioning the waiver by the Issuer of, the occurrence of such an event or (iii) approving the appointment of a successor account bank;
- (e) for so long as the Back-Up Facilitator is a member of Lloyds Bank Group, (i) terminating or sanctioning the termination by the Issuer of, the appointment of the Back-Up Facilitator following the occurrence of a Back-Up Facilitator Termination Event, (ii) waiving, or sanctioning the waiver by the Issuer of, the occurrence of a Back-Up Facilitator Termination Event or (iii) approving the appointment of a Replacement Back-Up Facilitator;
- (f) directing the Trustee not to direct the Security Trustee to convert the floating charge created by clause 3.7 (*Floating charge*) of the Deed of Charge into a fixed charge with immediate effect as regards any asset comprised within the floating charge created by clause 3.7 (*Floating charge*) of the Deed of Charge as a result of any Charged Property being in danger of being seized or sold after any form of legal process or otherwise in jeopardy;
- (g) making any change to the definition of "Lloyds Matter"; or
- (h) making any change to the definition of "outstanding" which affects proviso (2) thereto.

"London Stock Exchange" means the London Stock Exchange plc.

"Mandatory Early Part Redemption Amount" means, for a Note and a Payment Date, the principal amount redeemable for a Note of that Class on that Payment Date under Condition 5(c) (*Mandatory early redemption in part*).

"Margin" means:

- (a) in respect of the Class B Notes, the Class B Margin;
- (b) in respect of the Class C Notes, the Class C Margin;
- (c) in respect of the Class D Notes, the Class D Margin; and
- (d) in respect of the Class E Notes, the Class E Margin.

"Master Framework Agreement" means the master framework agreement dated on or about the Closing Date between, among others, the Seller, the Issuer, the Corporate Services Provider, the Servicer, the Cash Manager, the Account Bank, the Swap Counterparty, the Back-Up Facilitator, the Principal Paying Agent, the Trustee and the Security Trustee.

"Material Adverse Effect" means:

- (a) with respect to any person or entity, a material adverse effect on:
 - (i) the business, operations, property, condition (financial or otherwise) or prospects of such person or entity to the extent it relates directly or indirectly to the Receivables (including without limitation, to the origination, sale or servicing of Receivables);
 - (ii) the ability of such person or entity to perform its obligations under any Transaction Document to which it is a party or on any of the rights or remedies of any other party to such Transaction Document;
 - (iii) the validity or enforceability of any Transaction Document to which it is a party; or
 - (iv) the collectability or enforceability or the value of any Receivable; or
- (b) with respect to the Purchased Receivables (and without prejudice to paragraph (a) above), a material adverse effect on the interests of the Issuer in the Purchased Receivables, or its rights under the Purchased Receivables Agreements, or on the ability of the Issuer (or the Servicer on the Issuer's behalf) to collect amounts due on the Purchased Receivables or on the ability of the Security Trustee to enforce the Security.

"Minimum Rate of Interest" means 0%.

"Modification Certificate" has the meaning given to that term in Condition 12(b)(ii) (*Meetings of Noteholders, amendments, waiver and substitution*).

"Monthly Report" means a report to be prepared by the Servicer and delivered by electronic means to the Issuer and the Cash Manager (with a copy to the Trustee, the Security Trustee, the Principal Paying Agent and if requested, the Rating Agencies) at least one Business Day before each Payment Date, substantially in the form set out in Schedule 2 (*Form of Monthly Report*) to the Servicing Agreement.

"New Vehicle" means a Vehicle identified as a new motor vehicle under the Credit and Collection Procedures.

"Non-Compliant Receivable" has the meaning given to it in Clause 7.1(a) of the Receivables Sale Deed.

"Non-Permitted Variation" means any change to a Receivable Agreement that relates to a Purchased Receivable, other than a Defaulted Receivable, and which has the effect of:

- (a) reducing the Outstanding Principal Balance of the Purchased Receivable;
- (b) sanctioning any kind of payment holiday (other than any payment holiday required to be sanctioned by any Requirement of Law or Regulatory Direction, unless the Seller elects, in its sole discretion, voluntarily to classify that sanctioning in relation to that Purchased Receivable as a Non-Permitted Variation);
- (c) reducing the total interest payable by the Customer over the term of the Purchased Receivable; or
- (d) extending the term of the Purchased Receivable by more than one month.

"Noteholder" or **"Holder"** means the person in whose name such Note is registered at that time in the Register or, in the case of a joint holding, the first named person; **provided that**, so long as any of the Notes are represented by a Global Note, the term **"Noteholder"** or **"Holder"** will include the persons for the time being set out in the records of Euroclear and/or Clearstream, Luxembourg, as the holders of a particular principal amount of such Notes (each an **"Accountholder"**) in units of £1,000 principal amount of Notes for all purposes other than regarding the payment of principal and interest on such Notes, the right to which will be vested as against the Issuer solely in the Holder of each Global Note under and subject to its terms.

"Notes" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes.

"NSS" means the new safekeeping structure applicable to debt securities in global registered form recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations since 1 October 2010.

"Opinion of Counsel" means an opinion of counsel, which counsel will be reasonably acceptable to the Trustee, the Security Trustee, the Issuer and the Rating Agencies and be of international standing recognised in the field of securitisation, and which opinion will be addressed to the Issuer, the Trustee, the Security Trustee and each Secured Party.

"Optional Final Payment" means, regarding a Receivable Agreement, the optional final balloon payment payable by the Customer under such Receivable Agreement.

"Ordinary Resolution" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with Condition 12 (*Meetings of Noteholders, amendments, waiver and substitution*) by a majority of not less than 50% of the votes cast, whether on a show of hands or a poll.

"outstanding" means, for any Class, all the Notes of that Class issued other than:

- (a) those which have been redeemed in compliance with their Conditions;
- (b) those regarding which the due date for redemption has occurred in compliance with their Conditions and the redemption moneys and interest accrued on such moneys to the due date of such redemption and any interest payable after such date have been paid to the Trustee or to the Principal Paying Agent in the manner set out in the Agency Agreement and remain available for payment against presentation and surrender of the relevant Notes;
- (c) those regarding which claims have become void under their Conditions;
- (d) those mutilated or defaced Notes which have been surrendered and cancelled and regarding which replacements have been issued under their Conditions;
- (e) (for the purpose only of ascertaining the amount of a Class that is outstanding and without prejudice to their status for any other purpose) those Notes which are alleged to have been

lost, stolen or destroyed and regarding which replacements have been issued under their Conditions; and

- (f) any Global Note to the extent that it has been exchanged for the related Definitive Notes under their respective terms;

provided that for each of the following purposes, namely:

- (i) the determination of how many Notes of a Class are for the time being outstanding for the purposes of the Noteholders of such Class giving directions to the Trustee, including any direction to enforce the Security in accordance with the Trust Deed and the Conditions, or the provisions for meetings of the Noteholders of such Class set out in the Trust Deed;
- (ii) any discretion, power or authority which the Trustee is required or permitted, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders of such Class or any of them; and
- (iii) the determination by the Trustee whether, in its opinion, any event, circumstance, matter or thing is or would be materially prejudicial to the interests of the Noteholders or any of them,

(1) those Notes of the relevant Class, if any, which are beneficially held by or for the account of the Issuer will be deemed not to remain outstanding and (2) if Black Horse, Lloyds Bank plc or any of their affiliates, holds some or all of the Notes of the relevant Class, such Notes will be deemed not to remain outstanding for the purposes of any Lloyds Matter.

"Outstanding Principal Balance" means on any date and with respect to each Receivable, the Principal Element outstanding under the related Receivable Agreement as shown on the relevant computer system (on the assumption that the Servicer has complied with its obligations under the Servicing Agreement).

"Party" means, in relation to a Transaction Document, a party thereto.

"Paying Agent" means a paying agent appointed under the Agency Agreement, including the Principal Paying Agent.

"Payment Date" means, for an Interest Period, the 21st day of each calendar month (or, if that day is not a Business Day, the next following Business Day). The first Payment Date will be the Payment Date falling in March 2022.

"PCP Handback Receivable" means a Receivable arising under a PCP Handback Receivable Agreement.

"PCP Handback Receivable Agreement" means a Receivable Agreement under which the Customer has not exercised its option to pay the Optional Final Payment and has returned to the dealer the Vehicle financed by such Receivable Agreement.

"PCP Handback Vehicle" means, if a Receivable Agreement is a PCP Handback Receivable, the relevant Vehicle returned by a Customer to the dealer.

"Perfection Event" means each of the following events:

- (a) the Seller (or the Servicer on behalf of the Seller) fails to pay any sum due from it to the Issuer in respect of the Purchased Receivables within five Business Days of the due date thereof or the date of demand, if payable on demand, in the currency and in the manner specified herein, and such failure is not remedied within ten Business Days following the earlier of the Issuer giving notice thereof to the Seller and the Seller becoming aware of such failure to pay; or
- (b) the Seller being required to perfect the Issuer's legal title to the Purchased Receivables (or procure the perfection of the Issuer's legal title to the Purchased Receivables) by an order

of a court of competent jurisdiction or by any regulatory authority of which the Seller is a member or any organisation with whose instructions it is customary for the Seller to comply; or

- (c) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables); or
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) the occurrence of an Insolvency Event in respect of the Seller; or
- (f) the occurrence of a Severe Deterioration Event in respect of the Seller; or
- (g) it becoming necessary for enforcement of the Issuer's rights related to the Purchased Receivables, **provided that** if no Event of Default has occurred and is continuing, the Issuer will seek the approval of the Seller, such approval not to be unreasonably delayed or withheld.

"Permitted Exceptions" means any payment to a Governmental Authority on a date not being a Payment Date, which is a payment outside of the Priority of Payments by the Issuer.

"Permitted Variation" means a change or variation to a Receivable Agreement comprised in the Portfolio which is made in accordance with the terms of that Receivable Agreement and the Credit and Collection Procedures and is not a Non-Permitted Variation.

"Portfolio" means the Receivables and all other assets and rights relating to the Receivable Agreements purported to be transferred or granted to the Issuer on the Closing Date.

"Potential Event of Default" means an event or circumstance that will with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement become an Event of Default.

"Principal Amount Outstanding" means, in relation to a Class of Notes or all Classes of Notes on any date (as applicable), its original principal amount less the aggregate amount of all principal payments in respect of such Class of Notes or Classes of Notes (as applicable) which have become paid since the Closing Date.

"Principal Collections" means all amounts received by the Issuer:

- (a) allocable to the Principal Element of the Purchased Receivables (other than Purchased Receivables that have become Defaulted Receivables, VT Receivables or PCP Handback Receivables) pursuant to the Servicer's systems; and
- (b) in respect of any CCA Compensation Payments, Set-Off Indemnity Amounts, Receivables Indemnity Amounts and Repurchase Price, in each case to the extent that the same represents a payment allocable to the Principal Element of the Purchased Receivables pursuant to the Servicer's systems.

"Principal Deficiency Ledger" means the ledger maintained by the Cash Manager, comprising the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and the Class S Principal Deficiency Ledger, established in order to record, on each Payment Date:

- (a) any Remaining Interest Collections Shortfall;
- (b) the Outstanding Principal Balance of each Purchased Receivable that becomes a Defaulted Receivable during the immediately preceding Collection Period; and

- (c) the Outstanding Principal Balance of each VT Receivable or PCP Handback Receivable in respect of which Vehicle Proceeds were received during the immediately preceding Collection Period.

"Principal Element" means, in relation to each Purchased Receivable, the principal amount of that Receivable, calculated in accordance with the Credit and Collection Procedures (which for the avoidance of doubt shall include any option fees and fees payable as part of the last payment under the Receivable Agreement by the relevant Customer).

"Principal Paying Agent" means Elavon Financial Services DAC, UK Branch, in its capacity as principal paying agent.

"Principal Priority of Payments" has the meaning given to it in Condition 2(f) (*Principal Priority of Payments*).

"Priority of Payments" means the Interest Priority of Payments, and/or the Principal Priority of Payments and/or the Accelerated Priority of Payments.

"Prospectus" means the prospectus dated on or about the Closing Date describing the Notes and the Transaction Documents.

"Purchased Receivable" means the Receivables sold by the Seller to the Issuer on the Closing Date which have not been repurchased by the Seller for any reason and **"Purchased Receivables"** means all such Receivables.

"Purchased Receivable Agreement" means a Receivable Agreement from which a Purchased Receivable is derived.

"Qualified Institution" means a bank:

- (a) that may make all payments of interest under the Account Bank Agreement without withholding or deduction for or on account of tax;
- (b)
 - (i)
 - (A) whose long-term issuer rating is at least "A" (or its equivalent) or whose long-term critical obligations rating is at least "A(high)" (or its equivalent) by DBRS; and
 - (B) whose unsecured, unsubordinated and unguaranteed long-term obligations are rated at least "A" by S&P,or, if the bank does not have such rating, it must be guaranteed by an institution having such rating; or
 - (ii) such other rating which is acceptable to the Rating Agencies from time to time; and
- (c) that is or will (before a FATCA Deduction may be required) become a FATCA Exempt Party.

"Rate of Interest" means the rate or rates (expressed as a percentage per year) of interest payable in respect of the Notes calculated or determined in accordance with the provisions of these Conditions.

"Rated Notes" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

"Rating Agencies" means S&P and DBRS.

"Rating Agency Confirmation" means, a confirmation in writing by the relevant Rating Agencies that the then current ratings of the relevant Class of Notes will not be downgraded, qualified or withdrawn as a result of the relevant event or matter **provided that** if: (a) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Transaction Document; and (b) a written request for such confirmation affirmation or response is delivered to that Rating Agency by any of the Issuer, the Account Bank, the Servicer and/or the Trustee, as applicable (each a **"Requesting Party"**) and one or more of the Rating Agencies (each a **"Non-Responsive Rating Agency"**) indicates that it does not consider such confirmation, affirmation or response necessary in the circumstances, the Requesting Party shall be entitled to disregard the requirement for a confirmation or affirmation of rating or other response by each Non-Responsive Rating Agency which provides such indication and proceed on the basis of the confirmations or affirmations of rating or other responses received by each other Rating Agency or, if all the Rating Agencies indicate that they do not consider such confirmation, affirmation or response necessary in the circumstances, on the basis that such confirmation or affirmation of rating or other response by a Rating Agency is not required in the particular circumstances of the request. If a Rating Agency does not respond to a written request for a confirmation or affirmation of rating such non response shall not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of rating or other response in respect of such action or step or any deemed indication that it does not consider such confirmation, affirmation or response necessary in the circumstances, **provided that** in the event of a non-response from all Rating Agencies, the Requesting Party will be entitled to proceed on the basis that such confirmation or affirmation of rating or other response by a Rating Agency is not required in the particular circumstances of the request.

"Receivable Agreement" means each personal contract purchase agreement entered into between a Customer and Black Horse Limited in the form of standard business terms, under which the relevant Customer has the option to pay the Optional Final Payment and take title to the Related Vehicle or, if not, to return the Related Vehicle to the dealer from whom such Vehicle was purchased or such other dealer specified by the Servicer.

"Receivables" means all claims of the Seller against a Customer, present and future, absolute or contingent, due now or in the future arising out of a Receivable Agreement and will, unless the context requires otherwise, include Ancillary Rights, but excludes the Excluded Rights, and **"Receivable"** will mean each individual claim.

"Receivables Indemnity Amount" means, in relation to a Receivable which has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is otherwise due to be repurchased under clause 7 (*Remedies and Repurchase*) of the Receivables Sale Deed, the indemnity payable by the Seller to the Issuer, to be calculated by the Servicer and be determined in an amount equal to the Outstanding Principal Balance of such Receivable as at the Closing Date had the Receivable existed and complied with each of the Receivables Warranties as at the Closing Date less any amounts (without double counting) in respect of any Principal Element received by the Issuer with respect to such Receivables.

"Receivables Sale Deed" means the agreement for the sale and purchase of retail auto receivables dated on or around the Closing Date between the Seller, the Issuer, the Security Trustee and the Trustee.

"Receivables Warranties" means the representations and warranties made by the Seller in respect of the Purchased Receivables set out in the Receivables Sale Deed.

"Receiver" means an administrative receiver or similar officer falling within the definition of "administrative receiver" under section 29(2) of the UK Insolvency Act 1986 or under article 5(1) of the Insolvency (Northern Ireland) Order 1989 (as amended) (as appropriate).

"Reconciliation Amount" means, in respect of any Collection Period, (a) the actual Principal Collections as determined in accordance with the available Monthly Reports, less (b) the Calculated Principal Collections in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods.

"Records" means:

- (a) all agreements, files, microfiles, correspondence, notes of dealing and other documents, books, books of account, registers, records and other information; and
- (b) all computer tapes, discs, computer programs, data processing software and related property rights owned by or under the control and disposition of the Seller.

"Recoveries" means, during the relevant Collection Period, any amount received by the Issuer (including any Vehicle Proceeds) in relation to a Defaulted Receivable or VT Receivable or PCP Handback Receivable.

"Register" means the register kept at the specified office of the Registrar on which will be entered the names and addresses of the Holders of the Notes and the particulars of such Notes held by them and all transfers and redemptions of such Notes.

"Registrar" means Elavon Financial Services DAC, UK Branch, in its capacity as registrar.

"Regulation S" means Regulation S under the Securities Act.

"Regulatory Direction" means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person accustomed to comply.

"Related Receivable Agreement" means, in relation to a Receivable, the relevant Receivable Agreement from which such Receivable derives.

"Related Vehicle" means the Vehicle related to a Purchased Receivable.

"Relevant Date" means, regarding a Note, the date when payment on such Note first becomes due or, if any amount of the money payable is improperly withheld or refused, the date when payment in full of the amount outstanding is made or (if earlier) the date seven days after the date when notice is given to the Noteholders in compliance with Condition 15 (*Notices*) that, on further presentation of the Note being made in compliance with these Conditions, such payment will be made, **provided that** payment is in fact made on such presentation.

"Remaining Interest Collections Shortfall" means, on a Payment Date, an amount equal to the excess, if any, of the amount required to make payments under items (i) to (vi) (inclusive) of the Interest Priority of Payments and the payment of interest (and, if applicable, Deferred Interest and Additional Interest) on the Controlling Class in accordance with the Interest Priority of Payments on such Payment Date over the Available Interest Collections for such Payment Date, such amount to be determined without regard to item (g) of the definition of Available Interest Collections.

"Replacement Back-Up Facilitator" means the replacement back-up facilitator appointed pursuant to the terms of the Back-Up Facilitator Agreement.

"Replacement Servicer" means the replacement servicer appointed pursuant to the terms of the Servicing Agreement.

"Replacement Swap Agreement" means an agreement between the Issuer and a replacement swap provider to replace the Swap Transaction.

"Replacement Swap Premium" means an amount received by the Issuer from a replacement swap provider or an amount paid by the Issuer to a replacement swap provider upon entry by the Issuer into a Replacement Swap Agreement.

"Repurchase Price" means, in relation to the repurchase of a Receivable, an amount, calculated by the Servicer, equal to the Outstanding Principal Balance of such Receivable as at the Closing Date, less any amounts (without double counting) in respect of any Principal Element recovered or received by the Issuer in respect of such Receivable as at the date of the repurchase.

"Repurchased Receivables" means, regarding a Collection Period, Purchased Receivables being repurchased by the Seller in accordance with the Receivables Sale Deed.

"Requirement of Law" means, for any person, any law, treaty, rule, requirement or regulation, a notice by or an order of any court having jurisdiction, a mandatory requirement of any regulatory authority having jurisdiction, or a determination of an arbitrator or Governmental Authority, in each case applicable to or binding upon such person or to which such person is subject or with which it is customary for it to comply.

"Responsible Person" means:

- (a) for the Servicer, an officer of the Servicer or other person who is authorised to act for the Servicer;
- (b) for the Seller, an officer of the Seller or other person who is authorised to act for the Seller;
- (c) for the Cash Manager, an officer of the Cash Manager or other person who is authorised to act for the Cash Manager; and
- (d) the positions or job titles of such officers and other persons being named in an officer's certificate delivered from time to time by the Servicer, the Seller or the Cash Manager to the Security Trustee and the Trustee, **provided that** each Responsible Person will be the person who holds a position or job title referred to in the most recent officer's certificate received by the Security Trustee and the Trustee.

"Retained Amount" means £2,100 on each Payment Date from the Closing Date to and including the Payment Date in December 2022 and thereafter £1,200 per annum.

"Retained Note Purchase Agreement" means the retained note purchase agreement dated on or about 9 February 2022 and made between the Issuer and Black Horse as purchaser of the Class A Notes and the Class S Notes.

"Risk Retention US Persons" means "US persons" as defined in the US Risk Retention Rules.

"S&P" means S&P Global Ratings UK Limited and any successor to its rating business.

"Sale Notice" means a notice of sale of Receivables substantially in the form set out in Schedule 3 (*Form of Sale Notice*) to the Receivables Sale Deed delivered by the Seller under clause 2.1 of the Receivables Sale Deed.

"Secured Obligations" means the aggregate of all moneys and other obligations for the time being due or owing by the Issuer to the Secured Parties.

"Secured Parties" means the Trustee, the Security Trustee, a Receiver, the Noteholders, the Corporate Services Provider, the Cash Manager, the Account Bank, the Back-Up Facilitator, Black Horse (in its capacities as the Seller, Swap Counterparty, Subordinated Loan Provider and Servicer), the Principal Paying Agent, the Registrar and each other person identified as a secured party by the Deed of Charge for the period of such designation.

"Securities Act" means the US Securities Act of 1933, as amended.

"Securitisation Repository" means the website of European DataWarehouse Ltd, being, at the date of this Prospectus, a securitisation repository registered under Article 10 of the UK Securitisation Regulation, at <https://editor.eurowdw.co.uk/esma/viewdeal?edcode=AUTSUK000209500320229>.

"Security" means the security constituted by and pursuant to the Deed of Charge, and any further security thereunder.

"Security Interests" means the security and other rights and interests created or granted by the Issuer under and pursuant to the Trust Deed and the Deed of Charge, including those which arise by operation of law and Security Interest will mean any one of them.

"Security Trustee" means U.S. Bank Trustees Limited or any successor security trustee and/or additional security trustee appointed under the Deed of Charge.

"**Seller**" means Black Horse, in its capacity as seller.

"**Seller Trust Amounts**" means all amounts from time to time standing to the credit of the Collection Account that the Seller is holding on trust for itself pursuant to the trust declared pursuant to clause 4.6 (*Collection Account Trust*) of the servicing agreement dated 4 December 2019, to the extent such amounts represent amounts other than Issuer Trust Amounts.

"**Servicer**" means Black Horse, in its capacity as servicer, or such other person as may from time to time be appointed as servicer pursuant to the Servicing Agreement.

"**Servicer Termination Event**" means the events specified in clause 14.1 (*Servicer Termination Events*) of the Servicing Agreement.

"**Services**" has the meaning given to it in clause 3.1(a) (*General*) of the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement dated on or around the Closing Date between, among others, the Servicer, the Issuer, the Back-Up Facilitator and the Security Trustee.

"**Servicing Fee**" means, for each Collection Period, the fee payable to the Servicer (inclusive of VAT, if applicable) for services rendered for such Collection Period in an amount equal to the product of:

$$A \times B \times C$$

where:

"**A**" = 1%, or as may be otherwise agreed between the Servicer and the Issuer or, after the occurrence of an Event of Default, the Security Trustee;

"**B**" = $\frac{1}{12}$; and

"**C**" = the Aggregate Outstanding Principal Balance as at the end of the Collection Period ending immediately before the relevant Payment Date,

provided that, in the event Black Horse Limited's appointment as Servicer is terminated in compliance with the Servicing Agreement, the Servicing Fee will be such fee as may be negotiated with any Replacement Servicer, as contemplated in the Servicing Agreement.

"**Set-Off Indemnity Amount**" has the meaning given to the term in clause 7.3(a) (*Exercise of set-off, equity or counterclaim by a Customer*) of the Receivables Sale Deed.

"**Severe Deterioration Event**" means all or any part of the property, business, undertakings, assets or revenues of the Seller having an aggregate value in excess of £30 million having been attached as a result of any distress, execution or diligence being levied or any encumbrancer taking possession or similar attachment and such attachment having not been lifted within 30 days, unless such event will not materially prejudice the ability of the Seller to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Receivables.

"**SGITA**" means The Supply of Goods (Implied Terms) Act 1973.

"**Standard Form Contract**" means standard form contract used by the Seller on or before the Closing Date as the basis of Receivable Agreements.

"**Sterling**" or "**£**" means the lawful currency of the United Kingdom.

"**Subordinated Loan**" means, together, the Liquidity Reserve Loan and the Issuer Expenses Loan to be made by the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Note Issuance Agreement.

"Subordinated Loan Note Issuance Agreement" means the subordinated loan note issuance agreement between the Issuer and the Subordinated Loan Provider dated on or about the Closing Date.

"Subordinated Loan Provider" means Black Horse, in its capacity as subordinated loan provider under the Subordinated Loan Note Issuance Agreement.

"Subscription Agreement" means the subscription agreement for the Floating Rate Notes dated on or about 9 February 2022 between the Issuer, the Arranger, the Lead Manager and the Seller.

"Subsidiary" of a company or corporation means any company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"Surplus Available Principal Collections" means Available Principal Collections to be applied as Available Interest Collections in accordance with item (viii) of the Principal Priority of Payments.

"Swap Agreement" means the 1992 ISDA Master Agreement (Multicurrency – Cross Border) dated on or about the Closing Date (together with the schedule, the confirmations relating to the Swap Transaction, the Credit Support Annex, any swap transactions supplements and any amendment agreements thereto) between the Issuer and the Swap Counterparty.

"Swap Collateral Account" means the account maintained at the Account Bank (or any successor of such account bank) in the name of the Issuer with sort code 30-80-12, IBAN GB13LOYD30801222606468, BIC LOYDGB21F09 and account number 22606468 or any other bank account specified as such in compliance with the Account Bank Agreement.

"Swap Collateral Account Surplus" means the amounts applied as Available Interest Collections pursuant to the Swap Collateral Account Priority of Payments.

"Swap Counterparty" means Black Horse, in its capacity as swap counterparty under the Swap Agreement.

"Swap Counterparty Default" means the occurrence of an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement).

"Swap Counterparty Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the Swap Agreement) following the failure by the Swap Counterparty to comply with the requirements of the ratings downgrade provisions set out in the Swap Agreement.

"Swap Counterparty Excluded Amounts" means any amount that is capable of being paid to the Swap Counterparty from the Swap Collateral Account in accordance with the Swap Collateral Account Priority of Payments, other than a termination payment to the extent such termination payment cannot be discharged in full in accordance with the Swap Collateral Account Priority of Payments.

"Swap Guarantee" means the deed of guarantee dated on or about the Closing Date granted by the Swap Guarantor in favour of the Issuer.

"Swap Guarantor" means Lloyds Bank plc, in its capacity as swap guarantor under the Swap Guarantee.

"Swap Transaction" means the interest rate swap transaction entered into between the Issuer and the Swap Counterparty on or about the Closing Date to hedge against the possible variance between the rates of interest payable on the Purchased Receivables and in floating rates of interest payable on the Floating Rate Notes.

"SWIFT" means Society for Worldwide Interbank Financial Telecommunication.

"Tax" or **"Taxes"** means any form of tax, levy, impost, duty, charge, fee, contribution, deduction or withholding whenever imposed, levied, collected, withheld or assessed by, or payable to, a Tax authority including, without limitation, any tax on gross or net present or future income, profit or gains, corporation tax, VAT, stamp duty, stamp duty land tax and any penalty, fine, charge, cost, surcharge and interest included in or relating to any of the above or to any obligation in respect of any of the above (in all cases, regardless of whether such taxes, duties, levies, charges, fees, imposts, contributions, deductions, withholdings, penalties, fines, charges, costs surcharges and interest are directly or primarily chargeable against, recoverable from or attributable to the relevant Party or any other person and regardless of whether relevant Party has, or may have, any right of reimbursement against any other person) and **"Taxes"** and **"Taxation"** shall be construed accordingly.

"Tax Creditors" means the United Kingdom and any other competent tax authority to which the Issuer owes Taxes.

"Transaction" means the transactions contemplated by the Transaction Documents.

"Transaction Documents" means:

- (a) the Conditions;
- (b) the Notes;
- (c) the Receivables Sale Deed;
- (d) the Servicing Agreement;
- (e) the Account Bank Agreement;
- (f) the Trust Deed;
- (g) the Deed of Charge;
- (h) the Subordinated Loan Note Issuance Agreement;
- (i) the Cash Management Agreement;
- (j) the Agency Agreement;
- (k) the Corporate Services Agreement;
- (l) the Sale Notice;
- (m) the Back-Up Facilitator Agreement;
- (n) the Swap Agreement;
- (o) the Swap Guarantee;
- (p) the Master Framework Agreement,

and all other documents specified as such by the Issuer and the Security Trustee.

"Transaction Parties" means each party to any of the Transaction Documents.

"Trust Deed" means the trust deed dated on or about the Closing Date between the Issuer and the Trustee.

"Trustee" means U.S. Bank Trustees Limited or a successor trustee and/or additional trustee appointed under the Trust Deed.

"UK" means the United Kingdom of Great Britain and Northern Ireland.

"UK CRA Regulation" means Regulation (EC) No 1060/2009 of the European Parliament on credit rating agencies, as amended, as it forms part of domestic law of the UK by virtue of the EUWA.

"UK Insolvency Regulation" means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) as it forms part of domestic law of the UK by virtue of the EUWA.

"UK Securitisation Regulation" means Regulation (EU) 2017/2402 as it forms part of domestic law of the UK by virtue of the EUWA and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or any other relevant UK regulator (or their successor) in relation thereto.

"UK Solvency II" means Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance as it forms part of domestic law of the UK by virtue of the EUWA.

"UK Solvency II Regulation" means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II, as it forms part of domestic law of the UK by virtue of the EUWA.

"United States" has the meaning ascribed to it in Regulation S.

"US Internal Revenue Code" means the US Internal Revenue Code of 1986.

"US Person" has the meaning ascribed to it in Regulation S.

"US Risk Retention Rules" means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the US Securities Exchange Act of 1934, as amended, adopted under the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"Used Vehicle" means a Vehicle identified as a used motor vehicle under the Credit and Collection Procedures.

"Variation" means any amendment or variation to the terms of a Related Receivable Agreement after the Cut-Off Date.

"VAT" means:

- (a) value added tax imposed by the Value Added Tax Act 1994;
- (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (c) any other tax of a similar nature, whether imposed in the United Kingdom or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) or (b) above, or imposed elsewhere.

"Vehicle" means a New Vehicle or Used Vehicle which is the object of financing by the Seller under the Purchased Receivable Agreements and listed by its vehicle identification number in the List of Receivables.

"Vehicle Proceeds" means the proceeds derived from (including by way of sale or otherwise) any Vehicle returned to or recovered by or on behalf of the Seller.

"Vehicle Sale Contract" means a contract made by Black Horse with a third party for sale of a Vehicle after the return or repossession of such Vehicle from the Customer.

"VT Receivable" means any Purchased Receivable in relation to which a Customer serves a notice to the Seller pursuant to Section 99 of the CCA.

"Written Resolution" means a resolution in writing signed by or on behalf of the Holders of not less than 75% in aggregate Principal Amount Outstanding of Notes of the relevant Class then outstanding, which resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more such Holders of the relevant Class of Notes.

"Written-Off Receivable" means a Receivable which is written-off under the Credit and Collection Procedures.

TAXATION

United Kingdom Taxation

General

The following summary is a general discussion based on current UK law and practice. It relates only to withholding tax. It is not a complete analysis of all tax considerations relating to the Rated Notes and should be treated with appropriate caution. This discussion does not address any other UK tax considerations which may be relevant to a holder or prospective holder of the Rated Notes, (for example income tax, capital gains tax or corporation tax). This overview is based on the laws of England and Wales and the published practice of HM Revenue & Customs currently in force and as applied on the date of this Prospectus, which are subject to change, possibly also with retroactive or retrospective effect.

The comments relate only to the position of persons who are absolute beneficial owners of the Rated Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Rated Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Rated Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Rated Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

You should also read "*Risk Factors*" in conjunction with this section.

Withholding tax on interest paid under the Notes

Interest on the Rated Notes will be payable without withholding or deduction for or on account of United Kingdom income tax **provided that** the Rated Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 ("**ITA 2007**") for the purposes of section 987 ITA 2007. The London Stock Exchange is currently a "recognised stock exchange". **Provided that** the Rated Notes are and remain admitted to trading on the Main Market of the London Stock Exchange, and the London Stock Exchange continues to be a "recognised stock exchange" for the purposes of section 1005 ITA 2007, the interest on the Rated Notes will be payable without withholding or deduction for or on account of United Kingdom income tax.

If the Rated Notes cease to be listed on a "recognised stock exchange", an amount may need to be withheld for or on account of United Kingdom income tax at the basic rate, currently 20%, from interest paid on them, subject to (a) a direction to the contrary from HM Revenue and Customs related to such relief as may be available under the terms of an applicable double taxation treaty, or (b) certain other exceptions.

Where interest has been paid under deduction of United Kingdom income tax, 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 any applicable double taxation treaty.

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 Rated Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Note Condition 12(d) and does not consider the tax consequences of any such substitution.

FATCA

Pursuant to certain provisions of the US Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru

payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the US Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Purchase of the Notes

Lloyds Bank Corporate Markets plc as the Lead Manager will subscribe for the entire initial principal amount of the Class B Notes, at an issue price of 100% of their initial principal amount, the entire initial principal amount of the Class C Notes, at an issue price of 100% of their initial principal amount, the entire initial principal amount of the Class D Notes, at an issue price of 100% of their initial principal amount, and the entire initial principal amount of the Class E Notes, at an issue price of 100% of their initial principal amount, under the Subscription Agreement.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances before payment for the Rated Notes to the Issuer.

The Class A Notes and Class S Notes will be purchased by Black Horse, as the originator, under the Retained Note Purchase Agreement. Black Horse will retain, on an ongoing basis, a material net economic interest of not less than 5% in the Transaction in accordance with Article 6(1) of the EU Securitisation Regulation (as in force, interpreted and applied as at the Closing Date only) and Article 6(1) of the UK Securitisation Regulation, by retaining the Class S Notes so that the retention equals in total not less than 5% of the nominal value of the securitised exposures.

No action has been taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering materials, in any country or jurisdiction where action for the purpose is required. The Lead Manager under the Subscription Agreement and Black Horse under the Retained Note Purchase Agreement will to the best of their knowledge comply with all relevant securities laws and directives in each jurisdiction in which they purchase Notes or have in their possession this Prospectus or other offering materials.

US Risk Retention Rules

The transaction described in this Prospectus is not intended to involve the retention by a sponsor of at least 5% of the credit risk of the securitised assets for purposes of compliance with the US Risk Retention Rules, but rather intends to rely on an exemption under Section 20 of the US Risk Retention Rules regarding non-US transactions.

Except with the prior written consent of the Seller and where such sale falls within the exemption provided by Section 20 of the US Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "US person" as defined in the US Risk Retention Rules. Under the US Risk Retention Rules, and subject to limited exceptions, "US person" means any of the following:

- Any natural person resident in the United States;
- Any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;¹
- Any estate of which any executor or administrator is a US person (as defined under any other clause of this definition);
- Any trust of which any trustee is a US person (as defined under any other clause of this definition);
- Any agency or branch of a foreign entity located in the United States;
- Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person (as defined under any other clause of this definition);
- Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

¹ The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

- Any partnership, corporation, limited liability company, or other organization or entity if:
 - Organized or incorporated under the laws of any foreign jurisdiction; and
 - Formed by a "US person" (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.²

The material difference between the definitions of "US person" under Regulation S and under the US Risk Retention Rules is that (a) a "US person" under Regulation S includes any partnership or corporation that is organized or incorporated under the laws of any foreign jurisdiction formed by one or more "US persons" (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (b) any organization or entity described in (a) is treated as a "US person" under the US Risk Retention Rules, regardless of whether it is so organized and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Each purchaser of Notes, including beneficial interests in such Notes, will be deemed, and in certain circumstances will be required, to have made certain representations, warranties and agreements, including that it (a) is not a Risk Retention US Person (unless it has obtained a prior written consent of the Seller); (b) is acquiring such Note or a beneficial interest in such Notes for its own account and not with a view to distribute such note; and (c) is not acquiring such Note or a beneficial interest in such Note as part of a scheme to evade the requirements of the US Risk Retention Rules. Each prospective investor will be required to make these representations as a condition to placing any order to purchase the Notes. The Issuer, the Seller and the Lead Manager will rely on these representations, without further investigation.

Selling Restrictions

The Lead Manager represents and agrees to the Issuer and the Seller in the Subscription Agreement the following with respect to Notes being offered by this Prospectus:

General

Subject to being entitled to rely on the representations from each prospective investor relating to its status as a Risk Retention US Person without further investigation, and in reliance on the Seller regarding the sale of any Notes, to, or for the account or benefit of, Risk Retention US Persons (as consented to in writing by the Seller) under the "foreign offering" exemption from the US Risk Retention Rules, the Lead Manager will not, directly or indirectly, offer, sell or deliver any of the Notes or distribute the Prospectus, the preliminary Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations of such jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered into or within the United States or to, or for the account or benefit of, US Persons, except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws and under circumstances which would not require the Issuer to register under the Investment Company Act.

The Lead Manager has not offered, sold or delivered the Notes, and will not offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the "**Distribution Compliance Period**") into or within the United States or to, or for the account or benefit of any US Person (as defined in Regulation S), except in "offshore transactions" in compliance with Rule 903 of Regulation S. Neither the Lead Manager, its respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act, or "affiliates"), or

² The comparable provision from Regulation S is: "(viii)(B) formed by a US person principally for the purpose of investing in securities not registered under the [Securities Act], unless it is organised or incorporated, and owned, by accredited investors (as defined in [17 CFR §230.501(a)]) who are not natural persons, estates or trusts."

any persons acting on its or their behalf have engaged or will engage in any (i) directed selling efforts (within the meaning of Regulation S) with respect to the Notes, and the Lead Manager, its respective affiliates and any such persons have complied and will comply with the offering restrictions requirement of Regulation S, and (ii) general solicitation or general advertising within the meaning of Rule 501(a) of Regulation D under the Securities Act with respect to the Notes. In addition, until the expiration of the Distribution Compliance Period, any offer or sale of Notes into or within 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 other than in accordance with Regulation S or pursuant to another available exemption from registration under the Securities Act.

At or prior to confirmation of sales of the Notes offered by this Prospectus, the Lead Manager agrees that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the Distribution Compliance Period a confirmation or notice to substantially the following effect:

"The Notes offered under this Prospectus have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold into or within the United States or to, or for the account or benefit of, US persons by any person referred to in Rule 903(b)(2)(iii) of Regulation S under the Securities Act (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the date of closing of the relevant offering except in either case in compliance with Regulation S under the Securities Act."

Terms used in paragraphs above have the meaning given to them by Regulation S under the Securities Act.

US Risk Retention Rules

The Lead Manager shall only, directly or indirectly, offer, sell and deliver the Notes to a prospective investor in the Notes who (a) has provided representations to the Issuer and the Seller relating to its status as a Risk Retention US Person and (b) has been approved by the Seller as a person to whom a sale is to be made. Each prospective investor will be required to provide such representations to the Issuer and the Seller relating to its status as a Risk Retention US Person: (a) from the time of the announcement of the securitisation transaction involving the issuance of the Notes and (b) if such representations have not been previously made, as a condition to placing any offer to purchase the Notes. The Lead Manager, the Issuer and the Seller will rely on the representations each prospective investor will be required to make as outlined in the immediately preceding sentence without further investigation.

In addition, each purchaser of a Note or a beneficial interest in a Note will be deemed to have represented, warranted and agreed that it is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and it is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Risk Retention Rules (including acquiring such Note through a non-Risk Retention US Person, rather than a Risk Retention US Person, as part of a scheme to evade the 10% Risk Retention US Person limitation in the exemption provided for in Section 20 of the US Risk Retention Rules).

See also "*Transfer Restrictions and Investor Representations*" below.

United Kingdom

The Lead Manager has represented, warranted and agreed that:

- 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 FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Public Offers Generally

Other than the approval of the Prospectus by the FCA, the filing of the Prospectus with the FCA and making the Prospectus available to the public in accordance with the UK Prospectus Regulation, no action has been or will be taken in any jurisdiction by the Issuer or the Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering materials, in any country or jurisdiction where action for that purpose is required. The Notes are not intended for investment by retail investors and the Prospectus has not been prepared for distribution to retail investors. No document has been prepared in relation to the Class S Notes that would constitute a prospectus for the purposes of the Prospectus Regulation.

Prohibition of Sales to EEA Retail Investors

The Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

Prohibition of Sales to UK Retail Investors

The Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales by the Purchasers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a beneficial interest in the Global Notes recorded by Euroclear or Clearstream, Luxembourg (a "**Book-Entry Interest**")) may only be offered, sold, resold, delivered or transferred: (i) outside the United States to a non US person (as defined in Regulation S) in an offshore transaction in reliance on Rule 903 or 904 of Regulation S; or (ii) following the expiration of the Distribution Compliance Period, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable state or local securities laws and under circumstances which would not require the Issuer to register under the Investment Company Act.

Investor Representations and Restrictions on Resale

By its purchase of the Notes, each purchaser of the Notes (each initial purchaser, together with each subsequent transferee are referred to herein as the "**Purchaser**", which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented, warranted and agreed to the following (undefined terms used in this section that are defined in Regulation S are used herein as defined therein):

- (a) the purchaser is located outside the United States and is not a US person (as defined under Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate and is acquiring such Notes for its own account or as a fiduciary or agent for other non-US persons in an offshore transaction (as defined under Regulation S) pursuant to an exemption from registration provided by Regulation S;
- (b) the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and such Notes are being only offered to, or for the account or benefit of, non-US persons in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only: (i) to a purchaser who is not a US Person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a US Person (as defined in Regulation S) and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; or (ii) pursuant to an effective registration statement under the Securities Act; or (iii) pursuant to another exemption from , or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States and under circumstances which would not require the Issuer to register under the Investment Company Act; provided that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (c) if the Purchaser purchased the Notes during the initial syndication of the Notes, it (1) either (i) is not a Risk Retention US Person or (ii) has obtained the prior written consent of the Seller (a "**US Risk Retention Consent**"), (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the US Risk Retention Rules (including acquiring such Note through a non-Risk Retention US Person, rather than a Risk Retention US Person, as part of a scheme to evade the 10% Risk Retention US Person limitation in the exemption provided for in Section 20 of the US Risk Retention Rules);
- (d) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that: (i) such Notes have not been registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States; (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a), (b) and (c) above; (iii) such transferee shall be deemed to have represented that such transferee is a non-US Person (as defined in Regulation S) and acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation , or in a transaction not subject

to the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States and under circumstances which would not require the Issuer to register under the Investment Company Act; and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;

- (e) the Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that it will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement;
- (f) the Issuer may receive a list of participants holding positions in its securities from one or more book entry depositaries, and that those participants may further disclose to the Issuer the names and positions of holders of its securities;
- (g) it will promptly: (i) inform the Issuer if, during any time it holds a Note, there shall be any change in the acknowledgements, representations and agreements contained above or if they shall become false for any reason; and (ii) deliver to the Issuer such other representations and agreements as to such matters as the Issuer may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom; and
- (h) the Issuer, the Registrar, the Arranger, the Lead Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements.

Each Purchaser understands that: (i) the sale of the Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) to it is being made in reliance on Regulation S; and (ii) the Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend 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**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND IS SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS, AND, AS A MATTER OF US LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND OTHERWISE IN ACCORDANCE WITH UNITED STATES TAX LAW REQUIREMENTS AND UNDER CIRCUMSTANCES WHICH WOULD NOT REQUIRE THE ISSUER TO REGISTER UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BLACK HORSE LIMITED (A "**US RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**US RISK RETENTION RULES**"), ANY NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE ACQUIRED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**").

PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "US PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "US PERSONS" UNDER REGULATION S MAY BE US PERSONS UNDER THE US RISK RETENTION RULES. ANY PERSON THAT ACQUIRES THE NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF

THE NOTES OR BENEFICIAL INTEREST THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS, WARRANTIES AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION US PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF BLACK HORSE LIMITED), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION US PERSON, RATHER THAN A RISK RETENTION US PERSON, AS PART OF A SCHEME TO EVADE THE 10% RISK RETENTION US PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US RISK RETENTION RULES).

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "**EU MIFID II**"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "**INSURANCE DISTRIBUTION DIRECTIVE**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF EU MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "**EU PRIIPS REGULATION**") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UK. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("**EUWA**"); OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FSMA AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUWA (THE "**UK PRIIPS REGULATION**") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN EU MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO EU MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ONLY

ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("COBS"), AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUWA ("UK MIFIR"); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY DISTRIBUTOR SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "UK MIFIR PRODUCT GOVERNANCE RULES") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

THE PURCHASER IS HEREBY NOTIFIED THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES, AND THAT THOSE PARTICIPANTS MAY FURTHER DISCLOSE TO THE ISSUER THE NAMES AND POSITIONS OF HOLDERS OF ITS SECURITIES.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. The Legal Entity Identifier (LEI) code of the Issuer is 213800TNH4K6FYTRHI44.
2. The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer passed on 8 February 2022.
3. It is expected that listing of the Rated Notes offered by this Prospectus on the Official List of the FCA will be granted on or before the Closing Date, subject only to the issue of the Notes.
4. The Issuer is not and has not been involved in governmental, legal or arbitration proceedings (including proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, since its incorporation, a significant effect on the financial position or results of the Issuer.
5. Since the date of the Issuer's incorporation, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in its trading or financial position.
6. The expenses related to the application for admission to trading are expected to be £12,000 (including applicable VAT).
7. For the duration of the securitisation transaction, copies of the following documents will be available for inspection by the Noteholders, in printed or electronic form, at the office of the Principal Paying Agent and the registered office of the Issuer during usual business hours on a weekday (public holidays excepted):
 - the memorandum and articles of association of the Issuer;
 - the annual financial statements of the Issuer, as soon as published;
 - each Monthly Report;
 - this Prospectus;
 - the Master Framework Agreement;
 - the Agency Agreement;
 - the Trust Deed;
 - the Subordinated Loan Note Issuance Agreement;
 - the Deed of Charge;
 - the Receivables Sale Deed;
 - the Servicing Agreement;
 - the Cash Management Agreement;
 - the Account Bank Agreement;
 - the Swap Agreement;
 - the Swap Guarantee;
 - the Back-Up Facilitator Agreement; and
 - the Corporate Services Agreement.

In addition, some of the documents above may also be made available from time to time in electronic form on a website indicated in the Monthly Reports prepared by the Servicer.

The Issuer has not started trading and has not published an opening balance sheet or annual financial statements and has not published and does not intend to publish interim financial statements. It is anticipated that the first published annual financial statements of the Issuer will be for the year ending 31 December 2021. As soon as published, such financial statements and all future financial statements of the Issuer will be available, free of charge, at the office of the principal paying agent.

8. The Issuer's auditors are Deloitte LLP whose address is at 1 New Street Square, London, United Kingdom, EC4A 3HQ.
9. The Issuer does not intend to provide post-issuance information on the Notes or the collateral other than what is set out in the Servicing Agreement regarding reporting duties.
10. The Issuer confirms that the assets backing the issue of the 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 may be affected by the future performance of such assets backing the issue of the Notes. Consequently, investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
11. The Rated Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The table below lists the Common Codes and ISIN for the Notes.

Class of Notes	ISIN	Common Code
Class A Notes.....	XS2435091900	243509190
Class B Notes.....	XS2435092387	243509238
Class C Notes.....	XS2435092627	243509262
Class D Notes.....	XS2435093278	243509327
Class E Notes.....	XS2435093518	243509351

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