

LINGFIELD 2014 I PLC

(incorporated in England and Wales with limited liability under registered number 9214984)

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate	Relevant Margin	Redemption Profile	Final Maturity Date	Ratings (Moody's/ S&P)
Class A Notes.....	£2,560,000,000	100%	3m Libor	0.95% per annum	Sequential pass-through	20 October 2030	A3(sf)/A-(sf)
Class B Notes.....	£120,000,000	100%	3m Libor Variable	1.50% per annum	Sequential pass-through	20 October 2030	Baa2(sf)/BBB(sf)
Class S Notes.....	£520,100,000	100%	Interest Amount	N/A	Sequential pass-through	20 October 2030	NR

Issue Date	The Issuer expects to issue the Notes in the classes set out above on 19 December 2014 (the "Issue Date").
Underlying Assets	<p>The Originator will declare a trust (the "Loans Trust") for the benefit of the Issuer (in its capacity as the Issuer Beneficiary) and Lloyds Bank plc (in its capacity as the Originator Beneficiary) over its entitlement to principal and revenue received from a portfolio comprising secured and unsecured sterling term loans and revolving facilities (the "Included Loan Advances") to medium-sized enterprises and corporate borrowers (the "Borrowers") any related security and any related enforcement proceeds originated and/or acquired by Lloyds Bank plc (the "Portfolio"). The beneficial interests of the Issuer Beneficiary and the Originator Beneficiary under the Loans Trust are fixed undivided interests, respectively called the "Investor Interest" and the "Originator Interest". The Investor Interest in the Loans Trust will result in an amount equal to 99 per cent. of the amounts received by the Loans Trustee in respect of the Included Loan Advances and any Related Security or Related Enforcement Proceeds being paid to the Issuer. The Issuer will make payments on the Notes from amounts received in respect of the Investor Interest which in turn represents payment from, <i>inter alia</i>, the Portfolio. The Issuer may use funds to acquire a beneficial interest in additional loan advances, subject to the satisfaction of certain replenishment criteria, and pay any additional trust consideration or deferred consideration due in respect of a further advance, subject to the satisfaction of certain replenishment criteria.</p> <p>See the sections entitled "The Portfolio" and "Loan Trust" for further details.</p>
Credit Enhancement	Credit enhancement of the Notes is provided in the following manner: Subordination of junior ranking Notes. See the section entitled "Credit Structure and Cashflow" for further details.
Liquidity Support	<p>Liquidity support of the Notes by application of Available Principal Funds as Available Revenue Funds in respect of a Revenue Shortfall Amount.</p> <p>Payments of interest and principal in respect of the Class B Notes are subordinated to the Class A Notes. For further information on the priority of payments and the priority of fees, expenses and other liabilities, see "Terms and Conditions of the Notes — Condition 7 (Priorities of Payments)".</p>
Redemption Provisions	Information on any optional and mandatory redemption of the Notes is set out in full in Condition 5 (Redemption).
Credit Rating Agencies	<p>European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "CRA Regulation").</p> <p>Each of Standard & Poor's Credit Market Services Europe Limited UK ("S&P") and Moody's Investor Service, Ltd. ("Moody's") is a credit rating agency established and operating in the European Community and registered under the CRA Regulation. As such each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.</p>
Credit Ratings	<p>Ratings are expected to be assigned to the Notes as set out above on or before the Issue Date.</p> <p>With respect to the Class A Notes, the ratings assigned by S&P address the likelihood of (a) timely payment of interest due to the Noteholders on each Payment Date and ((b) full payment of principal by a date that is not later than the Final Maturity Date. With respect to Class B Notes, the ratings assigned by S&P addresses the likelihood of full payment of principal by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the class of Notes held by the Noteholder by the Final Maturity Date.</p> <p>The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be revised or withdrawn at any time.</p>
Listing	<p>This document comprises a prospectus (the "Prospectus"), for the purpose of Directive 2003/71/EC, as amended from time to time (the "Prospectus Directive"). This Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange p.l.c. (the "Irish Stock Exchange") for the Rated Notes to be admitted to the Official List (the "Official List") and traded on the regulated market of the Irish Stock Exchange (the "Main Securities Market"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC, as amended from time to time (the "Markets in Financial Instruments Directive"). Such approval relates only to the Rated Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. The Issuer is not and will not be regulated by the Central Bank of Ireland as a result of issuing the Notes.</p>
Obligations	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of Lloyds Bank plc, its affiliates or any other party named in the Prospectus.
Retention Undertaking	Lloyds Bank plc will undertake to the Issuer that it will retain, at all times until the redemption of the last of the Notes, a material net economic interest which shall in any event not be less than 5 per cent. in the nominal value of the securitisation by holding an interest in the first loss tranche as contemplated by Article 405(1)(d) of the Capital Requirements Regulation (Regulation (EU) No 575/2013 of European Parliament and of the Council of 26 June 2013 ("CRR"). Such holding will be achieved by the Originator holding the requisite amount of Class S Notes, in accordance with Article 405 of the CRR.
Significant Investor	On the Issue Date, the Notes will be issued to and subscribed for by the Originator and part of the proceeds of subscription received by the Issuer will be paid by the Issuer to the Originator as part of the consideration for vesting in the Issuer the Investor Interest (as defined herein).

THE "RISK FACTORS" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

Arranger
Lloyds Bank plc
18 December 2014

IMPORTANT INFORMATION

PRIORITIES OF NOTES

The Class A Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and in priority to the Class B Notes (together with the Class A Notes, the "**Rated Notes**") and Class S Notes. The Class B Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and in priority to the Class S Notes (together with the Rated Notes, the "**Notes**"). The Class S Notes will rank *pari passu* and rateably without any preference among themselves for all purposes but subordinate to the Rated Notes. See Condition 3 (*Status, Ranking, Security and Issuer Covenants*).

LIMITED RECOURSE AND NON-PETITION

The Notes are limited recourse obligations of the Issuer. See Condition 6 (*Limited Recourse and Non-petition*).

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Arranger does not accept responsibility for the accuracy, adequacy, reasonableness or completeness of the information contained therein. The delivery of this Prospectus at any time does not imply that the information herein is correct at any time subsequent to the date of this Prospectus. The information contained in the sections of this document headed "*Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider*", "*Description of the Note Trustee*" and "*Description of the Agent Bank and the Paying Agent*" has been provided by respectively, the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator, the Swap Provider, the Note Trustee, the Agent Bank and the Paying Agent. Each of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator, the Swap Provider, the Note Trustee, the Agent Bank and the Paying Agent accepts responsibility for the information contained in this document relating to itself in the sections headed "*Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider*", "*Description of the Note Trustee*" and "*Description of the Agent Bank and the Paying Agent*", as applicable. The Originator accepts responsibility for the information contained in the sections headed "*The Portfolio and Regulatory Disclosure*". To the best of the knowledge of each such party, which has taken all reasonable care to ensure such is the case, the relevant information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Swap Provider, the Cash Administrator, the Collateral Administrator, the Note Trustee, the Agent Bank and the Paying Agent as to the accuracy or completeness of any information contained in this Prospectus (other than the information relating to each such party) or any other information supplied in connection with the Notes or their sale. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their sale. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Arranger, the Originator, the Originator Beneficiary, the Loans Trustee, the Corporate Services Provider, the Issuer Account Bank, the Swap Provider, the Cash Administrator, the Collateral Administrator, the Note Trustee, the Agent Bank and the Paying Agent since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

DISCLAIMER

None of the Arranger, the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Swap Provider, the Cash Administrator and the Collateral Administrator, (save in respect of the section headed "*Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer*

Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider" (as it relates to each such party only and, in the case of the Originator only, save in respect of the sections headed "*The Portfolio*" and "*Regulatory Exposure*")), the Note Trustee (save in respect of the section headed "*Description of the Note Trustee*"), the Agent Bank and the Paying Agent (save in respect of the section headed "*Description of the Note Trustee*" and "*Description of the Agent Bank and the Paying Agent*") or any other party has separately verified the information contained in this Prospectus and, accordingly, none of the Arranger, the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Swap Provider, the Cash Administrator and the Collateral Administrator, the Note Trustee, the Agent Bank and the Paying Agent, the Corporate Services Provider or any other party (save as provided above in relation to specific sections for the relevant specific parties and save for the Issuer as specified above in relation to the acceptance of responsibility) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefore. None of the Arranger, Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Swap Provider, the Cash Administrator, the Collateral Administrator, the Note Trustee, the Agent Bank and the Paying Agent, the Corporate Services Provider and any Agent or any other party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Prospectus.

OFFER/INVITATION/DISTRIBUTION RESTRICTIONS

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF THE ISSUER, THE ORIGINATOR, THE ORIGINATOR BENEFICIARY, THE LOANS TRUSTEE, THE ARRANGER OR ANY OF ITS AFFILIATES, THE COLLATERAL ADMINISTRATOR, THE CASH ADMINISTRATOR, OR ANY OTHER PERSON TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES. THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE ARRANGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. IN PARTICULAR, THE COMMUNICATION CONSTITUTED BY THIS PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM AND ARE OFFERED AND ACCEPT THIS PROSPECTUS IN COMPLIANCE WITH SUCH RESTRICTIONS OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (*HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.*) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET FORTH IN SUCH ORDER SO THAT SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS COMMUNICATION MUST NOT BE DISTRIBUTED TO, ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF NOTES AND DISTRIBUTION OF THIS PROSPECTUS, SEE "*PLAN OF DISTRIBUTION*" BELOW.

UNAUTHORISED INFORMATION

IN CONNECTION WITH THE ISSUE AND SALE OF THE NOTES, NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OR ON BEHALF OF THE ISSUER, THE ORIGINATOR, THE LOANS TRUSTEE, THE ARRANGER OR ANY OF THEIR AFFILIATES, THE NOTE TRUSTEE, THE COLLATERAL ADMINISTRATOR OR THE CASH ADMINISTRATOR. THE DELIVERY OF THIS PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED IN IT IS CORRECT AS AT ANY TIME SUBSEQUENT TO ITS DATE.

GENERAL NOTICE

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION AT ANY TIME IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE ORIGINATOR, THE LOANS TRUSTEE, THE ARRANGER (OR ANY OF THEIR AFFILIATES), THE NOTE TRUSTEE, THE COLLATERAL ADMINISTRATOR, THE CASH ADMINISTRATOR OR ANY AGENT SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR. THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. (INCLUDING REGULATION S PROMULGATED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, AND THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED). INITIAL INVESTORS AND SUBSEQUENT TRANSFEREES OF INTERESTS IN A GLOBAL NOTE WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS AS DESCRIBED HEREIN. ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER TRANSFER, OF ANY OF THE NOTES THAT IS NOT MADE IN COMPLIANCE WITH THE APPLICABLE TRANSFER RESTRICTIONS WILL BE VOID.

GENERAL

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Note Trustee, the Arranger or any Affiliate of the Arranger to subscribe for, or purchase, any of the Notes in any jurisdiction to any Person to whom it is unlawful to make such an offer or invitation in such jurisdiction. In particular, the Notes are not being offered or sold to any Person in the United Kingdom except in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of the Financial Services and Markets Act 2000 (as amended) or otherwise than in accordance with such regulations and all other applicable laws. 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 which may result from such investment. Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it. In connection with the issue and sale of the Notes, no Person is authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer. The delivery of this Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Notes have not been approved or disapproved by the US Securities and Exchange Commission or by the securities regulatory authority of any state, nor has any other authority or commission passed upon the accuracy or adequacy of this material. Any representation to the contrary is unlawful.

CURRENCY

In this Prospectus, unless otherwise specified, references to "**Sterling**", "**pound**" and "**£**" are to the lawful currency of the United Kingdom.

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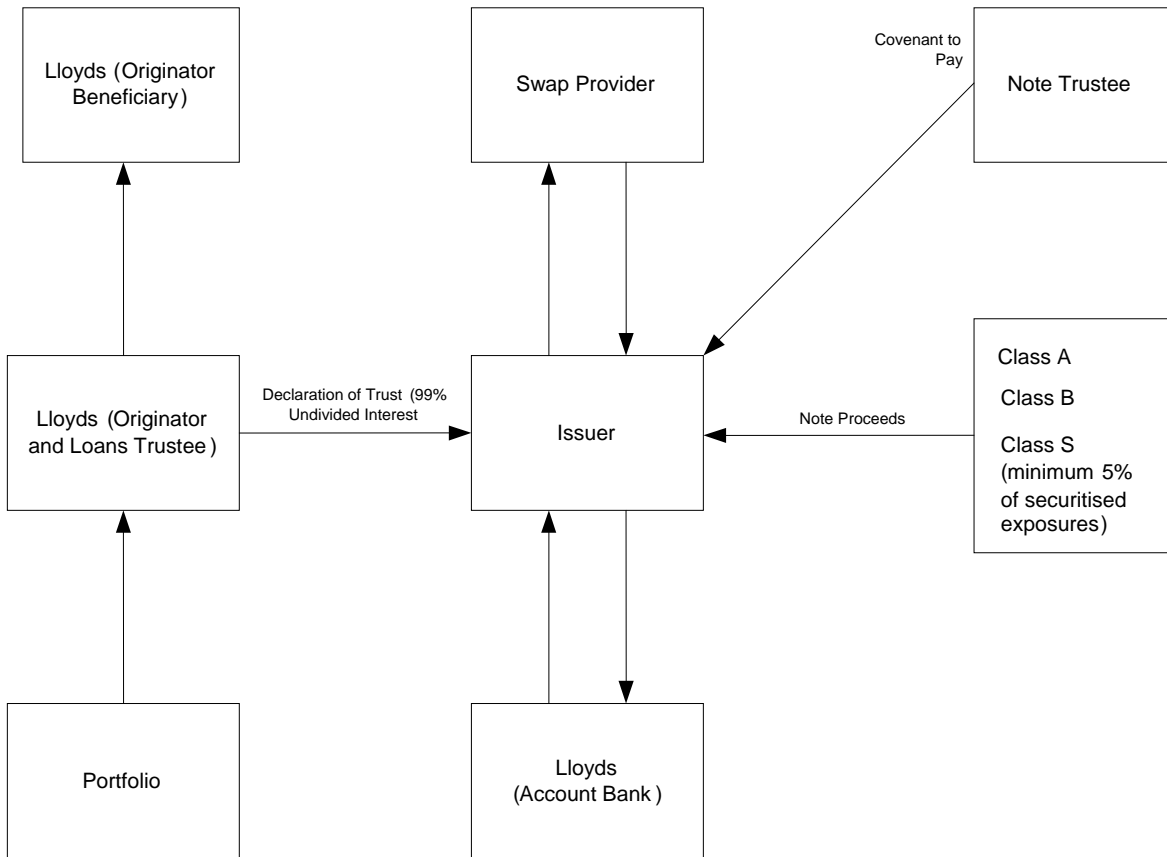
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TRANSACTION OVERVIEW

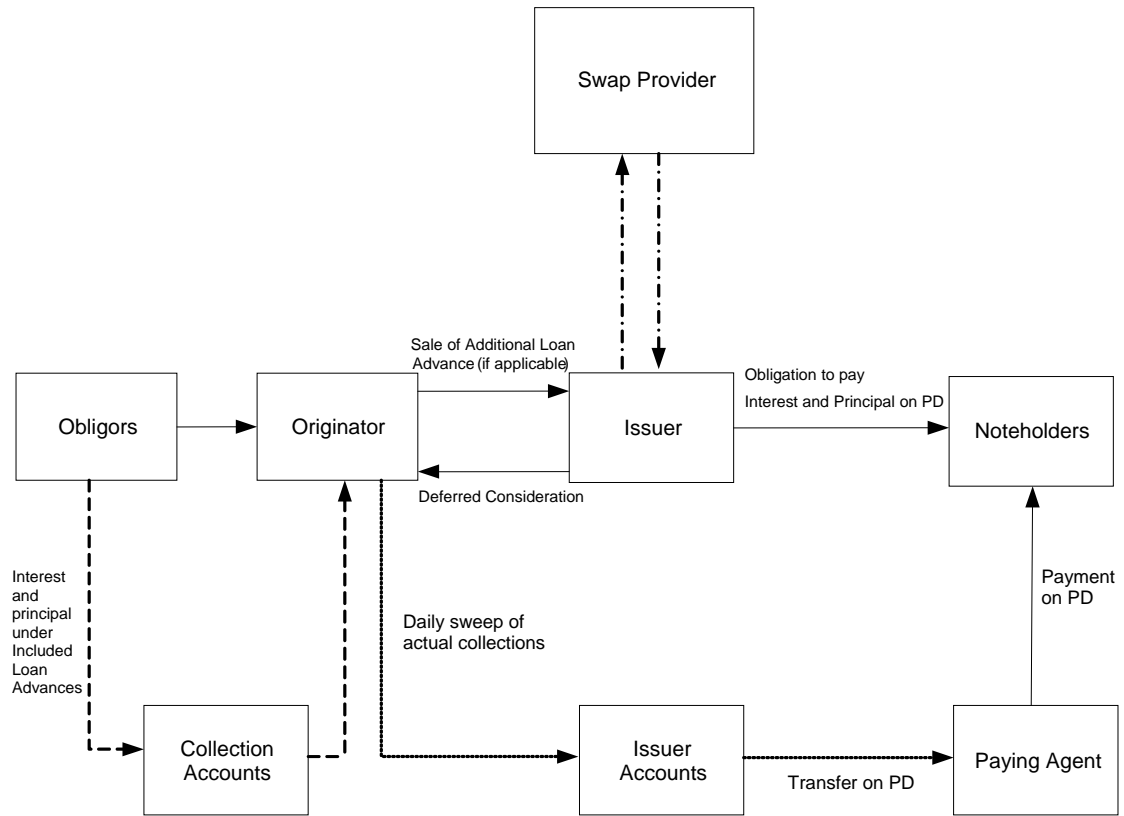
The information set out below is an overview of various aspects of the Transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.

DIAGRAMMATIC OVERVIEWS

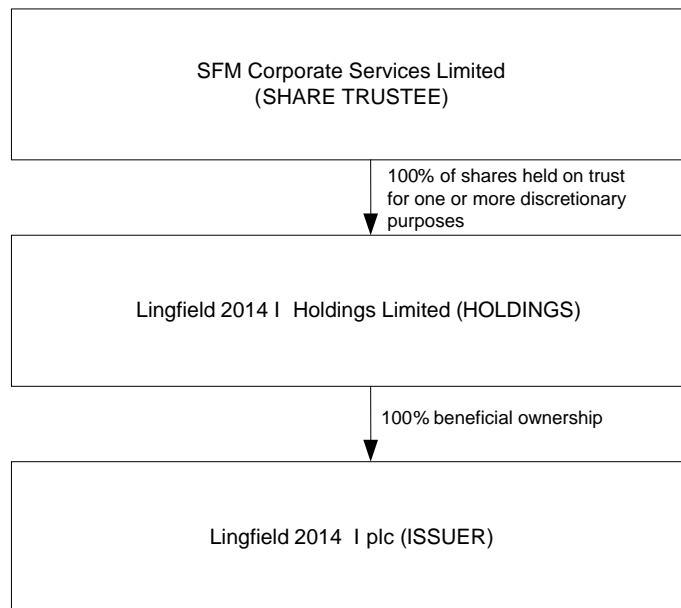
DIAGRAMMATIC OVERVIEW OF THE TRANSACTION AT ISSUE



DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOW



DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE



TRANSACTION PARTIES ON THE ISSUE DATE

Party	Name	Address	Document under which appointed/Further Information
Issuer and Issuer Beneficiary	Lingfield 2014 I plc	a public limited company incorporated under the laws of England and Wales with registered number 9214984 and having its registered office at 35 Great St. Helen's, London, EC3A 6AP.	N/A See the section entitled " <i>Description of the Issuer</i> "
Holdings	Lingfield 2014 I Holdings Limited	a private limited company incorporated under the laws of England and Wales with registered number 9206480 and having its registered office at 35 Great St. Helen's, London, EC3A 6AP.	N/A See the section entitled " <i>Description of Holdings</i> "
Originator	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Originator Trust Deed See the section entitled " <i>Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider</i> "
Originator Beneficiary	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Originator Trust Deed See the section entitled " <i>The Originator, The Originator Beneficiary, The Loans Trustee, The Issuer Account Bank, The Cash Administrator, The Collateral Administrator and The Swap Provider</i> "
Loans Trustee	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Originator Trust Deed See the sections entitled " <i>Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider</i> " and the " <i>Originator Trust Deed</i> "

Party	Name	Address	Document under which appointed/Further Information
Swap Provider	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Swap Agreement See section entitled " <i>Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider</i> " and the " <i>Swap Agreement</i> "
Collateral Administrator	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Administration Agreement See the section entitled " <i>Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider</i> " and the " <i>Administration Agreement</i> "
Cash Administrator	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Administration Agreement See the section entitled " <i>Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider</i> " and the " <i>Administration Agreement</i> "
Issuer Account Bank	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Account Bank Agreement See the section entitled " <i>Description of the Originator, the Originator Beneficiary, the Loans Trustee, the Issuer Account Bank, the Cash Administrator, the Collateral Administrator and the Swap Provider</i> " and the " <i>Account Bank</i> "

Party	Name	Address	Document under which appointed/Further Information
			<i>Agreement"</i>
Agent Bank	Deutsche Bank AG, London Branch	Winchester House, 1 Great Winchester Street, London EC2N 2DB	Agency Agreement See the section entitled <i>"Description of the Agent Bank and the Paying Agent"</i>
Paying Agent	Deutsche Bank AG, London Branch	Winchester House, 1 Great Winchester Street, London EC2N 2DB	Agency Agreement See the section entitled <i>"Description of the Agent Bank and the Paying Agent"</i>
Registrar	Deutsche Bank Luxembourg S.A.	2, Boulevard Konrad Adenauer L-1115 Luxembourg	Agency Agreement
Note Trustee	Deutsche Trustee Company Limited	Winchester House, 1 Great Winchester Street, London EC2N 2DB	Note Trust Deed See the section entitled <i>"Description of the Note Trustee"</i>
Corporate Services Provider	Structured Finance Management Limited	a company incorporated in England and Wales with limited liability (registered number 3853947) acting through its office at 35 Great St. Helen's, London, EC3A 6AP.	Corporate Services Agreement
Arranger / Lead Manager	Lloyds Bank plc	a company incorporated in England and Wales with limited liability (registered number 00002065) acting through its office at 25 Gresham Street, London EC2V 7HN	Note Purchase Agreement
Central Bank	Central Bank of Ireland	Iveagh Court Block D Harcourt Road Dublin 2 Ireland	N/A
Stock Exchange	Irish Stock Exchange	28 Anglesea St. Dublin 2 Ireland	N/A
Listing Agent	Arthur Cox Listing Services Limited	Earlsfort Centre, Earlsfort Terrace Dublin 2	N/A
Clearing Systems	Euroclear Bank S.A./N.V.	1, Boulevard du Roi Albert II	N/A

Party	Name	Address	Document under which appointed/Further Information
		B -1210 Brussels Belgium	
	Clearstream Banking <i>société</i> <i>anonyme</i>	42 Avenue JF Kennedy L-1855 Luxembourg	
Credit Rating Agencies	S&P	20 Canada Square 11th Floor Canary Wharf London E14 5LH	N/A
	Moody's	1 Canada Square Canary Wharf London, United Kingdom E14 5FA	N/A

PORTFOLIO, LOAN TRUST AND SERVICING

Please refer to the sections entitled "Disclosure of the Portfolio – Portfolio Stratification Tables" and "Disclosure of the Portfolio – Servicing of the Portfolio" and the section entitled "Loan Trust" for further detail in respect of the characteristics of the Portfolio, the trust and the servicing arrangement of the Loans Trust Property.

Portfolio

The Portfolio will consist of Included Loan Advances, any Related Security and any Related Enforcement Proceeds. The Included Loan Advances are selected from a portfolio of loans to medium-sized enterprises and corporate borrowers in the UK.

Each Included Loan Advances and any Related Security and any Related Enforcement Proceeds will be governed by English Law.

On any Business Day during the Replenishment Period, additional loan advances may be added to the Loans Trust on an Addition Date subject to the satisfaction of the Eligibility Criteria, Portfolio Criteria and Replenishment Criteria. The Collateral Administrator (on behalf of the Issuer) may use funds allocated in accordance with the Pre-Acceleration Principal Priority of Payments to (i) acquire a beneficial interest in additional loan advances and (ii) to pay any Additional Trust Consideration or Deferred Consideration due in respect of a Further Advance but only to the extent that doing so would not cause a breach of the Replenishment Criteria.

See the section entitled "*The Portfolio*" for further details.

Loans Trust

The Originator will declare a trust for the benefit of the Issuer (in its capacity as the Issuer Beneficiary) and Lloyds Bank plc (in its capacity as the Originator Beneficiary) over its entitlement to Included Loan Advances, any Related Security and any Related Enforcement Proceeds. The beneficial interests of the Issuer Beneficiary and the Originator Beneficiary under the Loans Trust are fixed undivided interests, respectively called the "**Investor Interest**" and the "**Originator Interest**". The Investor Interest in the Loans Trust will result in an amount equal to 99 per cent. of the amounts received by the Loans Trustee in respect of the Included Loan Advances and any Related Security or Related Enforcement Proceeds being paid to the Issuer. The Originator Interest in the Loans Trust will result in an amount equal to 1 per cent. of the amounts received by the Loans Trustee in respect of the Included Loan Advances and any Related Security or Related Enforcement Proceeds being paid to the Originator Beneficiary. See the section entitled "*Loan Trust*" for further details.

Features of Included Loan Advances

The following is a summary of certain features of the Included Loan Advances as at 31 August 2014 (the "**Cut-Off Date**") and investors should refer to, and carefully consider, further details in respect of the Included Loan Advances set out in "*The Portfolio – Loan Trust and Servicing*".

Number of Included Loan Advances	112
Number of Borrowers	88
Unsecured Included Loan Advances	A number of the Included Loan Advances to be included in the Portfolio are unsecured.
Security type	A number of the Included Loan Advances to be included in the Portfolio are secured, either by first ranking legal charges over properties (each such charge, a " Mortgage " and each property the subject of a

Mortgage, a "**Mortgaged Property**"), or by other types of security.

Some of the Mortgages or other types of security for the Included Loan Advances constitute "*all moneys security*" in that they stand as security for other indebtedness a Borrower owes or may owe to Lloyds Bank plc from time to time which is not part of the Loans Trust Property (such as business loans) ("**Associated Debt**") as well as for Included Loan Advances which do form part of the Loans Trust Property (each such security an "**All Moneys Security**" and together, the "**All Moneys Securities**"). An All Moneys Security will be enforceable on the occurrence of a default by an Obligor either under an Included Loan Advance or any Associated Debt secured by the relevant All Moneys Security (see "*The Loans Trust – All Moneys Securities*").

Summary			
Cut-off Date.....		31/08/2014	
Funded Aggregate Principal Balance.....		3,200,000,000	
Number of Obligors		88	
No of Included Loan Advances		112	
CCY.....		GBP	
WA CMS Rating.....		9.5	
WA Remaining Term (yrs).....		2.4	
	Weighted Avg	Min	Max
Outstanding Principal Balance.....	51,912,775	825,000	145,056,086
Year of Origination	13-Aug-2013	08-Dec-2009	29-Aug-2014
Maturity	11-May-2017	31-Jan-2015	01-Aug-2019
Borrower concentration.....	55,879,815	1,188,000	145,056,086
	1st largest	2nd largest	3rd largest
S&P Industry Concentration	19.20%	19.00%	11.30%
Moody's Industry Concentration.....	17.20%	10.90%	10.80%

Consideration

As part of the consideration for the declaration of the Loans Trust and the granting of the Investor Interest as at the Issue Date, the Issuer will be obliged to pay the Initial Trust Consideration to the Originator. The Issuer and the Originator have agreed that the Issuer will (i) issue the Notes on the Issue Date and (ii) (if required) following the Issue Date, pay certain amounts of Deferred Consideration to the Originator, in satisfaction of the Issuer's obligation to pay the Initial Trust Consideration.

Further Advances

To the extent that any Obligor requests a further drawing in respect of a Sterling Delayed Draw Obligation and the Originator makes such advance, such Further Advance will automatically form part of the Loans Trust Property on the Addition Date (as defined below). Upon the grant of a Further Advance in respect of a Sterling Delayed Draw Obligation, the Issuer will be under an obligation to pay an amount equal to the Additional Trust Consideration (as defined below) in respect of such Further Advance but only to the extent that doing so would not cause a breach of the Replenishment Criteria. To the extent that any Obligor requests a Sterling Further Advance in respect of a Multi-Currency Delayed Draw Obligation and the Originator makes such advance, it will automatically form part of the Loans Trust Property on the Addition Date (as defined below). If the Further Advance (in

respect of a Multi-Currency Obligation) is in a currency other than Sterling then such Further Advance will not form part of the Loans Trust Property. Upon the grant of a Sterling Further Advance, the Issuer will be under an obligation to pay an amount equal to the Additional Trust Consideration (as defined below) in respect of such Sterling Further Advance but only to the extent that doing so would not cause a breach of the Replenishment Criteria. The Additional Trust Consideration payable by the Issuer may be paid by the Issuer at any time during the Replenishment Period from funds allocated in accordance with the Pre-Acceleration Principal Priority of Payments but only to the extent that doing so would not cause a breach of the Replenishment Criteria. To the extent that the Additional Trust Consideration is not paid in full on the Addition Date (either due to insufficient funds being available in the Principal Account for such purpose or if the Replenishment Criteria would be breached by such a payment), Deferred Consideration shall be payable in respect of such Further Advance as described in more detail in "*The Loans Trust – Deferred Consideration*" below.

"Addition Date" means (i) in respect of a Further Advance, the date on which such Further Advance is made by the Originator to an Obligor or (ii) in respect of a Replenishment Loan, the date on which such Replenishment Loan is added to the Loans Trust.

"Additional Trust Consideration" means an amount equal to (i) in respect of a Replenishment Loan, 99 per cent. of the Aggregate Principal Balance of such Replenishment Loan or (ii) in respect of a Further Advance, 99 per cent. of the Aggregate Principal Balance of such Further Advance to be paid by the Issuer, or the Cash Administrator on the Issuer's behalf, in accordance with the Originator Trust Deed.

Revolving Obligations

On any day on which an Obligor (a) repays a principal amount in respect of a Sterling Revolving Obligation which is an Included Loan Advance and (b) does not immediately re-draw a principal amount in Sterling in respect of such Revolving Obligation on that same day, such Collections received by the Originator from such Obligor shall, for the purposes of the Loans Trust and in accordance with the Originator Trust Deed, reduce by an amount equal to such Collections, the total principal amount outstanding of such Revolving Obligations as of such day of receipt.

In the event that, at a later date, further draw downs under such Revolving Obligations are made by the relevant Obligor to the extent that such Revolving Obligation is a Sterling Revolving Obligation, any such Further Advance will automatically form part of the Loans Trust Property and shall be funded in the same way as Sterling Further Advances (see – "*Further Advances*" above).

In the event that, at a later date, further draw downs under such Revolving Obligations which are Multi-Currency Revolving Obligations are made by the relevant Obligor in Sterling, such further draw down(s) will be treated as Sterling Further Advances and any such Sterling Further Advances will automatically form part of the Loans Trust Property and shall be funded in the same way as Sterling Further Advances in respect of Multi-Currency Delayed Draw Obligations. Any further advances in a currency other than Sterling will not form part of the Loans Trust Property.

Deferred Consideration

As part of the Trust Consideration and if required, the Issuer will pay Deferred Consideration to the Originator, consisting of certain amounts payable as determined by the Originator (or the Cash Administrator on its behalf) in accordance with the Originator Trust Deed. The Issuer's obligation to pay the Deferred Consideration will arise where on the Issue Date or, as applicable, the Addition Date, the amount of Initial Trust Consideration or, as the case may be, Additional Trust Consideration paid by the Issuer to the

Originator, in respect of an Included Loan Advance (which, for the avoidance of doubt, shall include a Replenishment Loan or, as the case may be, a Further Advance), is less than an amount equal to 99 per cent. of the Aggregate Principal Balance of such Included Loan Advances on the relevant Issue Date or, as the case may be, the Addition Date (either due to insufficient funds being available in the Principal Account for such purpose or if the Replenishment Criteria would be breached by such a payment).

The Issuer shall pay to the Originator an amount in relation to any Deferred Consideration pursuant to the terms of the Originator Trust Deed and the Administration Agreement, as set in more detail in "*The Loans Trust*".

"Trust Consideration" means the aggregate of the Initial Trust Consideration, any Excess AMS Consideration and the Additional Trust Consideration and, to the extent that the Initial Trust Consideration and/or the Additional Trust Consideration is not paid in full on the Issue Date and/or the relevant Addition Date, the Deferred Consideration.

Multi Loan Advances

The Originator may grant more than one facility or currency tranche to the relevant Obligor under the Loan Agreement from time to time (collectively, the "**Loan Facilities**") and may designate some (but not all) of the Loan Facilities as Included Loan Advances. In this case, the Originator will retain the legal and beneficial entitlement to the Loan Facilities which have not been designated as Included Loan Advances (such Loan Facilities, the "**Non-Included Loan Advances**"). In the event that an Obligor of multiple Loan Facilities, (a "**Multi-Advance Obligor**") makes a payment, or amounts are otherwise recovered in respect of the obligations of the Obligor pursuant to the Loan Agreement:

- (a) if the Multi-Advance Obligor has the right, pursuant to the Loan Agreement, to designate which Loan Facility such payment shall be allocated to and exercises this right or the relevant Loan Agreement has provided for the allocation of such payment, the amount received from such Multi-Advance Obligor shall be allocated in accordance with the instructions of the Multi-Advance Obligor or, as the case may be, in accordance with the terms of the relevant Loan Agreement;
- (b) if the Multi-Advance Obligor does not have the right pursuant to the Loan Agreement, to designate which Loan Facility such payment shall be allocated to or has the right but fails to exercise such right, the Originator shall allocate the amount received from such Multi-Advance Obligor in accordance with the Servicing Standards.

Replenishment

On any Business Day during the Replenishment Period, the Collateral Administrator (on behalf of the Issuer) may use funds allocated in accordance with the Pre-Acceleration Principal Priority of Payments (i) to acquire a beneficial interest in additional loan advances, subject to the satisfaction of the Replenishment Criteria and (ii) to pay any Additional Trust Consideration or Deferred Consideration due in respect of a Further Advance.

On any Business Day during the Replenishment Period, if (a) the Originator has legal and beneficial title to loan advances which it is willing to add to the Loans Trust (in consideration of the payment by the Issuer of the Additional Trust Consideration) and/or Further Advances (such loan advances and Further Advance collectively, the "**Available Loan Advances**"), (b) the Originator has provided the Collateral Administrator with the information necessary for the Collateral Administrator to determine whether the relevant Eligibility Criteria, Portfolio Criteria and Replenishment Criteria would be met if such Available Loan Advances became part of the Loans Trust on the relevant Addition Date and (c) the Collateral Administrator determines

pursuant to the Administration Agreement that the relevant Eligibility Criteria, Portfolio Criteria and Replenishment Criteria would be met on the relevant Addition Date (such Business Day being the "**Replenishment Calculation Date**"), the Cash Administrator shall determine and notify the Collateral Administrator the amounts available to the Issuer in the relevant Interest Period for the payment of Additional Trust Consideration or, as the case may be, the Deferred Consideration in respect of such Available Loan Advances, pursuant to the terms of the Administration Agreement as if such Replenishment Calculation Date was a Determination Date for the purposes of the calculations and determinations in respect of the Pre-Acceleration Revenue Principal Priority of Payments and Pre-Acceleration Revenue Principal Priority of Payments (the "**Available Replenishment Funds**").

If the Collateral Administrator determines that the addition of such loan advances to the Loans Trust on the Addition Date would satisfy the Eligibility Criteria, Portfolio Criteria and Replenishment Criteria, the Originator shall make an offer to include such loan advances in the Loans Trust. The Issuer (or the Collateral Administrator on its behalf) will accept this offer by instructing the Cash Administrator to pay the Additional Trust Consideration on the Addition Date using the amounts available in accordance with the Pre-Acceleration Principal Priority of Payments. To the extent that the Additional Trust Consideration is not paid in full on the Addition Date, Deferred Consideration shall be payable in respect of such Replenishment Loan as described in more detail in "*The Loans Trust – Trust Consideration*" below.

Reacquisition of the beneficial interest in the Included Loan Advances

Following the declaration of the Loans Trust, the Originator may (and in some circumstances shall) reacquire the beneficial interest in the relevant Included Loan Advances pursuant to the Call Option Agreement in the following circumstances:

- (i) the Originator may reacquire the beneficial interest in relevant Included Loan Advances if the Originator notifies the Originator Beneficiary and the Issuer Beneficiary (together the "**Beneficiaries**") and the Cash Administrator that it has determined that some or all of the Included Loan Advances may be refinanced on terms more advantageous than those provided by the Notes (including in circumstances where the Class S Noteholders have exercised their Call Option); or
- (ii) the Originator may reacquire the beneficial interest in the relevant Included Loan Advances if the Originator intends to sell, sub-participate, dispose of or enter any analogous transaction with respect to any Included Loan Advance or part thereof to a third party if such action is necessary or desirable from the point of view of a reasonably prudent lender; or
- (iii) the Originator may reacquire the beneficial interest in the relevant Included Loan Advances if there is a breach of the Call Option Rating; or
- (iv) the Originator may reacquire the beneficial interest in the relevant Included Loan Advances if the relevant Included Loan Advance has become a Credit Impaired Obligation; or
- (v) the Originator shall reacquire the beneficial interest in the relevant Included Loan Advances (whether it is a Credit Impaired Obligation or a Non-Credit Impaired Obligation) if it is determined that any Originator Asset Warranty or Originator Asset Covenant given by the Originator pursuant to the Originator Trust Deed in respect of Included Loan Advances was breached, in respect of an Originator Asset Warranty, at the Issue Date, or as the case may be, the Addition

Date or, in respect of an Originator Asset Covenant, at any time, which, in each case, has a material adverse effect on the Investor Interest.

"Credit Impaired Obligation" means any Included Loan Advance which, (i) in the opinion of the Collateral Administrator (a) has a significant risk of declining in credit quality and, with the lapse of time, may become a Defaulted Obligation, or (b) is declining in credit quality, or (ii) is a Defaulted Obligation.

In the above circumstances, upon payment of the Reacquisition Proceeds by the Originator to the Loans Trustee, the Beneficiaries will agree to jointly surrender their respective beneficial interests in the relevant Included Loan Advances and thereby cause the whole of the beneficial interest in the relevant Included Loan Advances to be removed from the Loans Trust Property and to vest once again exclusively in the Originator (including any unpaid interest as at the date of completion of such reacquisition). An amount equal to 99 per cent. of the Reacquisition Proceeds received by the Loans Trustee shall be paid to the Issuer by the Loans Trustee in consideration of the surrender by the Issuer of its beneficial interest in the relevant Included Loan Advances (the amount in question being the **"Issuer Surrender Receipt"** with respect to the relevant Included Loan Advances). An amount equal to 1 per cent. of the Reacquisition Proceeds received by the Loans Trustee shall be paid to the Originator Beneficiary by the Loans Trustee in consideration of the surrender by the Originator Beneficiary of its beneficial interest in the relevant Included Loan Advances (the amount in question being the **"Originator Surrender Receipt"** with respect to the relevant Included Loan Advances). If the Originator reacquires the beneficial interest in a Non-Credit Impaired Obligation in circumstances described in (i), (ii) or (iii) above, the Issuer Surrender Receipt shall be used by the Issuer to redeem the Notes in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*) **provided that**, if the Originator reacquires the beneficial interest in Non-Credit Impaired Obligations in the circumstances described in (i) or (ii) above and the sum of the Funded Aggregate Principal Balance in respect of the Non-Credit Impaired Obligations reacquired in the 12 month period immediately prior to such reacquisition (including the sum of the Funded Aggregate Principal Balance in respect of the Non-Credit Impaired Obligations to be reacquired) is less than 20 per cent. of the Funded Aggregate Principal Balance of all the Included Loan Advances at the beginning of such 12 month period (the **"Reinvestment Threshold"**), the Issuer Surrender Receipt may be used by the Issuer as if it were received in respect of a Credit Impaired Obligation (as to which see below). Where the sum of the Funded Aggregate Principal Balance in respect of the Non-Credit Impaired Obligations reacquired in the 12 month period immediately prior to such reacquisition in the circumstances described in (i) or (ii) above exceeds the Reinvestment Threshold, any Issuer Surrender Receipts received up to the Reinvestment Threshold may be used by the Issuer as if it were received in respect of a Credit Impaired Obligation. Any Issuer Surrender Receipt received in respect of reacquisitions in excess of the Reinvestment Threshold shall continue to be used to redeem the Notes in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*).

Representations and Warranties

The Originator Trust Deed contains representations and warranties to be given by the Originator to the Beneficiaries in relation to (i) each Included Loan Advance and any Related Security on the Issue Date and (ii) each Further Advance and each Replenishment Loan on the relevant Addition Date. Subject to agreed exceptions and materiality qualifications, the Originator's material representations and warranties in respect of the Included Loan Advances (which shall include any Further Advance and Replenishment Loan) under the Originator Trust Deed include, broadly speaking, warranties

as to the following:

- satisfaction of the Eligibility Criteria and Portfolio Criteria on the Issue Date and that of the Replenishment Criteria on the Addition Date;
- good title to, and absolute unencumbered legal and beneficial ownership of all property, interests, rights and benefits (subject to prior encumbrances that are permitted pursuant to the Loan Agreements) subject to the declaration of trust by the Originator pursuant to the terms of the Originator Trust Deed in relation to each Included Loan Advance, any Related Security and any Related Enforcement Proceeds;
- in the event that interest on a Included Loan Advance is payable subject to any deduction or withholding, such Loan Agreement contains a provision obliging the Obligor to gross up amounts paid so that the amount paid to the Originator is no less than the amount that would have been paid to the Originator if the Obligor were not obliged to make such deduction or withholding;
- no Obligor is an "individual" as defined in section 189(1) of the Consumer Credit Act 1974 or for the purposes of the definition of "personal data" pursuant to section 1 of the Data Protection Act 1998;
- no Obligor is entitled to exercise any lien, right of set-off or counterclaim against the Originator in respect of any amounts payable under the relevant Loan Agreement nor to render such Loan Agreement unenforceable in whole or in part; and
- there are no provisions in the Loan Agreements that prohibit the Originator declaring a trust over its interest in the relevant Included Loan Advances and any Related Security.

See the Section entitled "*The Loan Trust – Representations and Warranties*" for further details.

Overcollateralisation Test

The Overcollateralisation Tests will be satisfied on any Measurement Date if the relevant Overcollateralisation Ratio exceeds the relevant Overcollateralisation Test Threshold, as set out in more detail in "*The Portfolio*" below.

Originator Powers of Attorney

The Issuer will not have any direct relationship with, and will not be able directly to enforce any of the obligations of, any Obligor. However, the Originator will grant to the Issuer an irrevocable power of attorney to permit the Issuer (the "**Originator Power of Attorney**"), upon the occurrence of certain events, to take certain actions in the name of the Originator to ensure performance by the Originator of its obligations under the Originator Trust Deed. See "*The Loans Trust*" for a more detailed description.

Collateral Administration

The Collateral Administrator shall administer the Included Loan Advances and the Cash Administrator shall administer the collections in respect thereof on behalf of the Originator including keeping a record of amounts received by the Loans Trustee from the relevant Obligors in respect of Included Loan Advances. The Collateral Administrator shall also prepare a report containing information on the Included Loan Advances on a monthly basis.

RISK FACTORS

1. INTRODUCTION

An investment in the Notes of any Class involves certain risks, including risks relating to the Charged Assets securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following risk factors, in addition to the matters set forth elsewhere in this Prospectus, prior to investing in any Notes. Terms not defined in this section and not otherwise defined above have the meanings set out in the Conditions.

An investment in the Notes is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.

The Issuer believes that the risks described below are the material risks inherent in the Transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision.

None of the Issuer, the Originator, the Loans Trustee, the Arranger, the Note Trustee, the Collateral Administrator, the Cash Administrator, the Agents, the Swap Provider, the Corporate Services Provider or any other party to the Transaction Documents has an obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Prospectus or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

2. GENERAL RISKS

2.1 *Investments in the Notes are subject to the risk associated with an investment in the underlying portfolio of loans*

Pursuant to the Originator Trust Deed, the Issuer will receive a beneficial interest in a portfolio of loans with certain risk characteristics, restrictions and guidelines as described below under "*Risks relating to the Collateral – the Portfolio*". There can be no assurance that the Issuer's investment objectives with respect to such loans will be achieved, that the Noteholders receive the full or any amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. An investor in the Notes may potentially suffer principal losses on its investment in the Notes. Prospective investors are therefore advised to review this entire Prospectus carefully and should consider, among other things, the risk factors set out herein before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priority of Payments.

None of the Originator, the Originator Beneficiary, the Loans Trustee, the Arranger, the Note Trustee, the Collateral Administrator, the Cash Administrator, the Swap Provider, the Corporate Services Provider or the Agents undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Originator, the Originator Beneficiary, the Loans Trustee, the Arranger, the Note Trustee, the Collateral Administrator, the Cash Administrator, the Corporate Services Provider or the Agents which is not included in this Prospectus.

2.2 ***No Direct Interest***

Beneficial Interest in Included Loan Advances Only

The Issuer will not have any direct or exclusive interest in the Included Loan Advances. The Included Loan Advances will not be assigned legally or equitably or otherwise transferred to the Issuer and legal title to the Included Loan Advances will remain with, or shall continue to be held on behalf of, the Originator (in its capacity as Loans Trustee). The Issuer will have a fixed undivided interest in the Loans Trust Property which does not give it exclusive entitlement to any particular asset (or to any severable part of an asset) within the Loans Trust Property. In its capacity as trustee of the Loans Trust, the Loans Trustee will hold its interests in the Included Loan Advances on trust for the benefit of the Issuer Beneficiary and the Originator Beneficiary. However, the Issuer will not have any direct entitlement under the Loans Trust to the Included Loan Advances and neither the Issuer nor the Note Trustee:

- (a) will have a direct contractual relationship with any Obligor under any Included Loan Advance;
- (b) will have the right to assert claims or effect remedies directly against the Obligors; or
- (c) will have any rights to vote in respect of a decision of the lenders or give any instructions to the Obligor in respect of any Included Loan Advance,

unless the Originator Beneficiary joins with the Issuer in calling for the legal title to the Included Loan Advances.

In addition, the Originator will not grant the Issuer, the Loans Trustee, the Note Trustee or any other entity any security interest over any Included Loan Advance.

Limitations on Enforcing Included Loan Advances Against Obligors and the Originator Powers of Attorney

In the event of defaults by Obligors under the Included Loan Advances, the Issuer will have rights solely against the Loans Trustee under the Loans Trust secured in favour of the Note Trustee and will have no rights against Obligors. Only the Originator will be entitled to take any remedial action in respect of the relevant Included Loan Advances or to exercise any votes permitted to be taken or given thereunder.

The Originator Power of Attorney will allow the Issuer to act in the name of the Originator (as lender of record) to take actions to enforce the Included Loan Advances against the Obligors and to collect the proceeds of Loans Trust Property upon the occurrence of a Power of Attorney Event (see "*The Loans Trust and the Loans Trustee — Originator Powers of Attorney*" for further detail and certain definitions used in this paragraph). The Issuer has received legal advice (subject to certain reservations) to the effect that the Issuer may exercise its powers under the Originator Power of Attorney following the occurrence of a Power of Attorney Event without the leave of the court under English insolvency laws. There can be no assurance, however, that a court would reach the same conclusion or that leave, if required, would be granted. In the event that the Issuer is unable to exercise its powers under the Originator Power of Attorney, the Issuer would not be able to take actions to, amongst other things, enforce the Included Loan Advances against the Obligors and the Noteholders may suffer a loss as a result of that. See "*The Loans Trust – Originator Powers of Attorney*" for more information on the actions the Issuer can take pursuant to the Originator Power of Attorney.

2.3 ***Structural Issues Relating to Portfolio***

In the event of the insolvency of the Originator or an Obligor, an Obligor which also has a deposit with the Originator or to which the Originator owes other obligations may attempt to satisfy its payment obligation in respect of the Included Loan Advance by setting off its deposit or other obligations against such payment obligation.

All of the Loans contained in the Portfolio are subject to provisions contained in the relevant Loan Agreement pursuant to which the relevant Obligor expressly agrees to make payments in respect of the Loans thereunder without set-off or counterclaim.

"Loan Agreement" means a facility agreement in relation to an Included Loan Advance entered into between the relevant Obligor and, amongst others, the Originator, whether syndicated or bilateral, as amended and/or restated from time to time;

Notwithstanding the previous paragraph, however, under English law, certain mandatory set-off provisions under applicable insolvency laws would continue to be available to an Obligor on its insolvency or the insolvency of the Originator if, contrary to the way in which the Loans Trust has been structured, the Originator Trust Deed was held to be in breach of a transfer restriction in the underlying Included Loan Advance.

Therefore, if (1) (outside of an insolvency) an Included Loan Advance either (a) does not contain an agreement or undertaking to pay without set-off or (b) it does contain an agreement or undertaking to pay without set-off, but such provision were determined to be unenforceable, or (2) a court determined that such mandatory set-off provisions were available so as to enable an Obligor to set off amounts owing by the Originator against its payment obligations, then in either case an Obligor which also had a deposit with the Originator or to which the Originator owes other obligations might be able to set-off such deposit or such other obligations against its obligations in respect of an Included Loan Advance, in which case Principal Receipts and/or Revenue Receipts in respect of such Included Loan Advance could be diminished and consequently Noteholders could suffer a loss.

Restrictions on Transfer in Included Loan Advances and No Removal of Lloyds Bank plc as Loans Trustee

Certain of the Included Loan Advances contain restrictions on transfer that may limit or restrict the transfer, assignment or assignation of the Included Loan Advances. The Loans Trust has been structured with the intention that such limitations or restrictions are not contravened by the declaration of the Loans Trust. Such limitations or restrictions on transfer, assignment or assignation and the provisions of the Originator Trust Deed will not permit the appointment of a substitute trustee under the Loans Trust, even in the event of a default by Lloyds Bank plc of its obligations as Loans Trustee. Accordingly, unless a Power of Attorney Event has occurred, Lloyds Bank plc is the only entity capable of enforcing the Included Loan Advances. However, additionally, under the Originator Powers of Attorney, the Issuer may enforce, in certain limited circumstances and in the name of Lloyds Bank plc, the rights of Lloyds Bank plc to, among other things, collect the relevant Included Loan Advances.

2.4 *Notes may not be suitable investments for all investors*

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisors to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in the light of their own circumstances and financial condition.

One of the effects of the global credit crisis has been the introduction of a significantly more restrictive legal, tax and regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Developments in these areas are not complete; further laws, rules and regulations in these and other areas are likely and if implemented such laws, regulations and rules could, among other things, adversely affect the ability of the Issuer to repay principal and pay interest on the Notes as well as, the flexibility of the Collateral Administrator in managing and administering the Collateral.

Investors in the Notes are responsible for analysing their own regulatory and tax positions and none of the Issuer, the Originator, the Arranger, the Note Trustee, the Collateral Administrator, the Cash Administrator, the Corporate Services Provider, any Agent nor any of their affiliates

makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory and tax treatment of their investment in the Notes on the Issue Date or at any time in the future.

2.5 ***Limited Resources of the Issuer***

The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the relevant Priority of Payments. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against persons it has indemnified.

2.6 ***Administration of Loans Trust***

Reliance on Administration of Loans Trust by Originator

None of the Issuer or the Note Trustee has any legal interest in the Included Loan Advances and the Originator will not be, and will not be deemed to be, acting as the agent or trustee of the Issuer in connection with the exercise of, or the failure to exercise, any of the rights or powers of the Originator arising under or in connection with its holding of any such Included Loan Advances (although the Originator will be the Loans Trustee).

The Issuer will be dependent upon the Originator's performance of its obligations under the Originator Trust Deed in order to receive amounts due from Obligors under Included Loan Advances. Any such Revenue Receipts and/or Principal Receipts in relation to Included Loan Advances are held by the Loans Trustee in accordance with the Originator Trust Deed. While such amounts are held in a Collection Account, such amounts are not held subject to any security interest and the Issuer and the Note Trustee will accordingly have an unsecured claim against the Originator in respect of its beneficial interest in Collections then on deposit in the Collection Accounts. However, in the event that the ratings of the Collection Account Bank fall below the Collection Account Bank Required Ratings, there will be an obligation on the Originator to transfer the Collection Account to another account bank which has the Collection Account Bank Required Ratings.

Ability to Change Terms of an Included Loan Advance or Dispose of Included Loan Advances

The Originator may, as lender of record for each Included Loan Advance, act with respect to such transactions in the same manner as if the Originator were acting in its own commercial interests in relation to each Included Loan Advance and without regard to whether any such action might have an adverse effect on the Issuer or the Noteholders or any other person. In particular, the Originator may, subject to transfer or assignment restrictions in the relevant Loan Agreement arrange for the sale or sub-participation of any Included Loan Advance or part thereof which the Originator would otherwise sell or sub-participate in the ordinary course of the management of its corporate loan portfolio, as if it held the benefit of such Included Loan Advance entirely for its own account, including in circumstances where the Originator reasonably considers that the credit quality of such Included Loan Advance has declined or has a significant risk of declining.

In such event, the beneficial interest in the relevant Included Loan Advance would, following payment to the Loans Trustee by the Originator of the Reacquisition Proceeds in respect thereof in accordance with the Originator Trust Deed, be surrendered by the Issuer Beneficiary and the Originator Beneficiary and would no longer form part of the Loans Trust and the Originator will then immediately on-sell or sub-participate such Included Loan Advance to the relevant third party. The amount of the Reacquisition Proceeds to be paid to the Loans Trustee by the Originator shall be no less than the Aggregate Principal Balance of such Included Loan Advance.

Following such disposal or sub-participation, the Issuer Surrender Receipt shall be credited by the Loans Trustee to the Principal Account and Interest Account as the case may be.

Syndicated Loan Facilities

A number of the Included Loan Advances are drawn under facilities which are syndicated or are capable of being syndicated or which have multiple lenders, in respect of which the exercise of remedies and the taking of other actions against Obligor (including the granting of amendments and waivers) may be subject to the vote of a certain percentage of the lenders thereunder (measured by the amount of outstanding Advances or commitments). In respect of certain of the Included Loan Advances, the Originator may not have a sufficient interest to direct compliance by the Obligor with the terms of the Included Loan Advances, to object to certain changes to the applicable Included Loan Advances that may be agreed to by the other lenders or to require the enforcement of the Included Loan Advances or any related security. In addition, a bank other than the Originator may act as agent for the lenders. In such cases, the Originator is dependent upon the actions taken by the agent for the lenders as well as other lenders in enforcing the terms of the relevant Included Loan Advance against the relevant Obligor. Under syndicated loans in which a bank other than the Originator acts as agent for the lenders under the relevant Included Loan Advance, the Originator in most circumstances will not have the ability to take enforcement actions directly against the Obligor under the Included Loan Advance without the involvement of the agent, and accordingly the ability of the Issuer to take enforcement actions directly against such Obligor will be similarly limited in the event that it takes action under the Originator Power of Attorney.

Collectability of Included Loan Advances

The collectability of the Included Loan Advances is subject to credit risks and will generally fluctuate in response to, among other things, general economic conditions, the financial conditions of Obligor and related factors. Included Loan Advances included in the Portfolio which comply with the Eligibility Criteria on the Issue Date but which subsequently cease to comply with the Eligibility Criteria may not be removed from the Portfolio and advances thereunder which are subject of the Loans Trust may not cease to be subject of the Loans Trust. To the extent that a loss is suffered in relation to any Included Loan Advance, there may be insufficient funds available to the Issuer to enable the Issuer to meet payments to Noteholders in full and the Noteholders may suffer a loss.

Continued Relationship of the Originator with Obligor under Advances and Conflicts of Interest

The Originator and its affiliates may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, any existing Obligor or its affiliates. The Originator and its affiliates may have entered into and may from time to time enter into business transactions with Obligor or their respective affiliates and may or may not hold other obligations of or have business relationships with any existing Obligor or its affiliates. Such obligations or relationships may or may not comprise Included Loan Advances.

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

3. RISKS RELATING TO THE NOTES

3.1 *The Notes are limited recourse obligations of the Issuer*

The Issuer will have no assets available to make any payment in respect of the Notes other than Available Funds actually received prior to the relevant Payment Date and available for use to make payments in respect of the Notes in accordance with the relevant Priority of Payments, subject to any payment of fees and expenses payable by the Issuer. There is no guarantee the Available Funds will be sufficient to make the requisite payments in respect of the Notes. Failure

by the Issuer to make payment in respect of the Most Senior Class of Notes (subject to any grace periods) will constitute a default by the Issuer. Subject to the grace periods set out in the Conditions, the Issuer will be under no obligation to make any payment to the Noteholders at any time after the Note Maturity Date. If on the Note Maturity Date, subject to the grace periods set out in the Conditions, after payment of all claims ranking in priority to amounts due under the Notes and realisation and distribution of all Charged Assets, the Issuer has insufficient funds to make payments due in respect of any Notes, then the Issuer shall not be liable for any shortfall arising and any such shortfall shall cease to be due and payable. Such shortfall will be borne first by Class S Noteholders, secondly, by Class B Noteholders and thereafter by Class A Noteholders.

3.2 ***Notes are payment obligations of the Issuer only***

The Notes are limited recourse obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any other person. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Transaction Parties or any entity in the same group of entities as, or affiliated with, any of such persons or any other person other than the Issuer and none of any such persons will accept any liability whatsoever to Noteholders.

Non-Petition

In addition, with the exception of the Note Trustee, none of the Noteholders of any Class, nor any other Secured Creditor (or any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding-up, liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class or the Note Trust Deed or otherwise owed to the Secured Creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another party, or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

Corporate Obligations Only

In addition, none of the Noteholders or other Secured Creditors (nor any other person acting on behalf of any of them) shall have any recourse against any director, shareholder or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the Conditions, the Note Trust Deed or any other document relating to the Notes to which the Issuer is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

3.3 ***Interest Payments and Principal Payments on the Rated Notes are subordinated to certain other obligations of the Issuer***

Payments in respect of the Rated Notes rank junior to certain other payment obligations of the Issuer. Although the Issuer expects that the payments under the loans in the Portfolio will suffice for the Issuer to be able to pay all amounts payable in priority to the Rated Notes (including certain fees, expenses and other liabilities of the Issuer) and to pay all amounts due in respect of the Rated Notes, there is no assurance that this will be the case. In such instance the Issuer could be left with insufficient funds to pay the full amount of interest payments or principal payments on the Rated Notes, as the case may be.

Payments of interest and principal in respect of the Class B Notes are subordinated to the Class A Notes.

For further information on the priority of payments and the priority of fees, expenses and other liabilities, see "*Terms and Conditions of the Notes — Condition 7 (Priorities of Payments)*".

3.4 ***Amount and Timing of Payments***

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Included Loan Advances by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority

to the holders of each Class of the Notes. In particular, prospective purchasers of such Notes should be aware that the amount and timing of payments of the principal and interest on the Included Loan Advances will depend upon the detailed terms of the documentation relating to each of the Included Loan Advances and on whether or not any Obligor thereunder defaults in its obligations.

3.5 ***Payments under the Class S Notes are subordinated to certain other obligations of the Issuer, including payment claims under the Rated Notes***

On each Payment Date, the entitlement of the holders of the Class S Notes to receive payments is subordinated to the entitlement of the holders of the Rated Notes. Before an Acceleration Notice has been served interest payments on the Class S Notes are subordinated to the interest payments on the Rated Notes and principal payments on the Class S Notes are subordinated to the principal payments on the Rated Notes. Following service of an Acceleration Notice, payments of interest and principal on the Class S Notes are subordinated to payments of both interest and principal on the Rated Notes. Further, the entitlement of the holders of the Class S Notes to payments of interest and principal is subordinated to the obligations of the Issuer to pay certain fees, expenses and other liabilities on each Payment Date.

In the event of any redemption in full or acceleration of the Rated Notes, the Class S Notes will also be subject to automatic redemption/acceleration and the Charged Assets may, in either case, be liquidated. Liquidation of the Charged Assets at such time or any other remedies pursued by the Note Trustee upon enforcement of the security over the Charged Assets could be adverse to the interests of the Class S Noteholders. To the extent that any losses are incurred by the Issuer in respect of any Charged Assets, such losses will be borne first by the Class S Noteholders, then by the Class B Noteholders and then by the Class A Noteholders. Remedies pursued by the Most Senior Class of Noteholders could be adverse to the interests of the Noteholders of the Classes junior thereto.

For further information on the priority of payments and the priority of fees, expenses and other liabilities, see "*Terms and Conditions of the Notes — Condition 7 (Priorities of Payments)*".

3.6 ***Conflicts of Interest Among Noteholders***

Subject to the Conditions and the Note Trust Deed the Note Trustee shall have regard to the interests of each Class of the Noteholders as a Class. The Note Trustee shall have regard to the interests of the Most Senior Class of Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of different Classes of Noteholders. In addition, the Note Trust Deed provides that, so long as any of the Notes remains outstanding, the Note Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by the Note Trust Deed, have no regard to the interests of any Secured Creditor other than the Noteholders.

3.7 ***Limited Liquidity and Restrictions on Transfer***

There is currently no market for the Notes. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes.

Investors should note that the market for the Notes will be affected by, amongst other things, supply and demand for the Notes, and that, accordingly, it should not be assumed that there will be a significant correlation between the market value of the Notes and the market value of the Portfolio. Prospective investors should be aware that the market value of the Notes may be affected by events in the capital and credit markets which may have an effect on the market value of Included Loan Advances and similar structured securities generally, as well as events in the capital and credit markets that may affect the Portfolio or the Issuer.

In addition, the liquidity of any trading market (should any develop) in the Notes may be adversely affected by changes in the overall market for investment and non-investment grade securities. If such a trading market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors including prevailing interest rates and the market for similar securities.

Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Note Maturity Date. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. Such restrictions on the transfer of the Notes may further limit their liquidity.

Although application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the Official List and trading on the Main Securities Market there can be no assurance that admission to the Irish Stock Exchange will be achieved or, if achieved, will be maintained.

3.8 ***Volatility of the Class S Notes***

The Class S Notes represent a leveraged investment in the underlying Included Loan Advances. Accordingly, it is expected that changes in the market value of the Class S Notes will be greater than changes in the market value of the underlying Included Loan Advances, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the Class S Noteholders' opportunities for gain and risk of loss.

3.9 ***The ability of the Issuer to redeem the Notes in the event of their acceleration prior to the Note Maturity Date is limited***

If the Notes were to be accelerated for any reason prior to the Note Maturity Date, the Issuer would be required to redeem the Principal Amount Outstanding owed under the Notes without having received payments in relation to the Investor Interest. Further, the Issuer's ability to realise funds from the Investor Interest is limited as the Originator is the legal owner of any of the Included Loan Advances. See "*The Loans Trust*". As a result, even upon the acceleration of the Notes as a result of an Event of Default (including a Trust Pay Out Event), the amount of Available Funds on each Payment Date may not change and would be distributed as before in accordance with the relevant Priority of Payments. It is therefore highly likely that the Issuer would not be able to redeem in full (and possibly not in part) the Principal Amount Outstanding owed under the Notes and its inability to redeem the Notes might continue until the Note Maturity Date. Consequently, a purchaser of the Notes must be prepared to hold any Notes until the Note Maturity Date.

3.10 ***Noteholders' Resolutions and risks relating to Negative Consent of Noteholders***

The Note Trust Deed includes provisions for the passing of an Extraordinary Resolution (whether at a Noteholders' meeting by way of vote or by Written Resolution) of the Noteholders in respect of (among any other matters) amendments to the Conditions of the Notes and/or the Note Trust Deed. Such provisions include, among other things, (i) quorum requirements for the holding of Noteholders' meetings and (ii) voting thresholds required to pass Extraordinary Resolutions at such meetings (or through Written Resolutions). The quorum at any meeting convened to vote on:

- (a) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes will be two or more person(s) holding or representing more than 50 per cent. of the Principal Amount Outstanding of the Notes then Outstanding in that Class or those Classes or, at any adjourned meeting, two or more person(s) being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the Notes then Outstanding so held or represented in such Class or Classes; and
- (b) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) will be two or more person(s) holding or representing at least 75 per cent. of the Principal Amount Outstanding of the Notes then Outstanding in the relevant Class or Classes or, at any adjourned meeting, one or more persons holding or representing not less than 33 $\frac{1}{3}$ per cent. of the Principal Amount Outstanding of the Notes then Outstanding in the relevant Class or Classes.

In respect of paragraphs (a) and (b) above, while all the Outstanding Notes of any Class are represented by a Global Note, a single Voter appointed in relation thereto or being the holder of

the Notes thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

It should however be noted that amendments may still be effected and waivers may be granted in respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Conditions and the provisions of the Note Trust Deed will be binding on all such dissenting Noteholders. See Condition 14 (*Meetings of Noteholders*) and the more detailed provisions of the Note Trust Deed.

Notwithstanding the requirements set out above, any amendments to, or waivers in respect of, Condition 7 (*Priorities of Payments*), Condition 15 (*Modification and Waiver*) of the Conditions, or Clause 7.2 (*Modification*) of the Note Trust Deed, shall be subject to approval in writing of such proposed amendment by the Swap Provider.

The Conditions provide that after the Issue Date, the Note Trustee will be obliged, subject to certain exceptions but without a requirement for the consent or sanction of any of the Noteholders to concur with the Issuer and to make modifications to the Transaction Documents/and or the Conditions in order, *inter alia*, to enable the Issuer and/or the Swap Provider and/or the Issuer Account Bank to comply with amongst other things any changes in the criteria of one or more of the Rating Agencies or for the requirements of certain legal or regulatory requirement such as FATCA to be complied with **provided that** the Issuer and/or the Swap Provider and/or the Issuer Account Bank certifies to the Note Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation. See Condition 15.6 (*Additional Right of Modification*) for further details.

The Note Trustee shall be obliged without any consent or sanction by the Noteholders or, subject to Condition 15.7(c), any of the other Secured Creditors to concur with the Issuer in making any such modification (other than in respect of a Reserved Matter) to the Conditions, the Notes, the Note Trust Deed or any other Transaction Document or in relation to which it holds security that the Issuer considers necessary as referred to in Condition 15.6 (*Additional Right of Modification*) **provided that** each of the Conditions specified in Condition 15.7 (*Conditions to Additional Rights of Modification*) have been satisfied and particularly that (other than in the case of a modification pursuant to Condition 15(b)(i) or 15(b)(ii)) the Issuer certifies in writing to the Note Trustee (which certification may be in the Modification Certificate) that in relation to such modification the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 20 (*Notices*) and by (either itself or via the Paying Agent) 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 and has made available at such time, the modification documents for inspection at the registered office of the Note Trustee for the time being during normal business hours, and (II) Noteholders representing at least 10 per cent. of the Aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer and the Paying Agent (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) notifying them by the time specified in such notice that such Noteholders do not consent to the modification.

It should be noted that, if Noteholders representing at least 10 per cent. of the Aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer and the Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such Notes may be held notifying them 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 Notes then outstanding is passed in favour of such modification in accordance with Condition 14 (*Meetings of Noteholders*).

3.11 ***Voting Rights upon an Event of Default and Enforcement***

Subject to the Conditions of the Notes, if an Event of Default occurs and is continuing, the Note Trustee may, at its discretion, and shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class or directed in writing by holders of at least 25 per cent. in

aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, deliver an Acceleration Notice to the Issuer (copied to the Originator, the Loans Trustee, the Collateral Administrator, the Agents, the Swap Provider and the Issuer Account Bank) and, so long as any of the Rated Notes remain outstanding, the Issuer shall notify the Rating Agencies of the delivery of such Acceleration Notice. Subject to the Conditions of the Notes, the Note Trustee may at its discretion and without further notice institute such proceedings as it thinks fit to enforce its rights under the Note Trust Deed and under the Transaction Documents, but it shall not be bound to do so unless (i) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes or (ii) requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes and in each such case it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities which it may thereby become liable or which it may incur so doing. See Condition 11 (*Events of Default*) and Condition 12 (*Enforcement*).

3.12 ***Payments under the Notes will not be grossed up in the event that tax on such payments must be withheld***

In the event that any withholding tax or other deduction for tax is imposed on payments of interest on the Notes, the holders of the Notes will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Event of Default shall occur as a result of any such withholding or deduction.

3.13 ***The future ratings of the Rated Notes are not assured and may be limited in scope***

It is a condition of the issue and sale of the Notes that the Rated Notes be rated by S&P and Moody's as set out above. The rating assigned to the Rated Notes by S&P and Moody's addresses the likelihood of full and timely payment to the Noteholders of all payments of interest on each Payment Date and the likelihood of full and ultimate payment of principal on the Note Maturity Date. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors. A rating is not a recommendation to buy, sell or hold the Rated Notes, in as much as such rating does not comment as to market price or suitability for a particular investor. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the Rating Agencies if, in their judgment, circumstances in the future so warrant. In the event that a rating initially assigned to the Rated Notes is subsequently lowered or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to such Notes and the market value of such Notes is likely to be adversely affected.

3.14 ***Average Life and Prepayment Considerations***

The average life of the Notes of each Class may be different than the number of years until their Note Maturity Date. No assurance can be made as regards the exact average life of any of the Notes. Average life refers to the average amount of time that will elapse from the date of issue of each Class of Notes until amounts in respect of principal of such Notes have been paid to the holder thereof. The average life of the Notes of each Class will be affected by, among other factors: (a) the structure of the Notes (including payment priorities) and the Replenishment Period, (b) the characteristics of the Included Loan Advances, including the existence and ability to exercise and frequency of exercise of any early termination rights or transfer rights or other similar right and the amount and timing of receipt of Early Repayment Amounts (as defined in the Conditions) and/or recoveries received in respect of an Included Loan Advance, (c) the extent of reacquisition of the beneficial interest in the Loans Trust Property in accordance with the Originator Trust Deed and Call Option Agreement and (d) mandatory or optional redemption of the Notes. The allocation of amounts received from Multi-Advance Obligor advances not subject to the Loans Trust in priority to the Included Loan Advances may result in the average life of the Notes being longer than it would be if such amounts were allocated *pari passu* or to Included Loan Advances in priority to advances not subject to the Loans Trust.

3.15 ***Other Commercial Relationships of the Parties Involved and Conflicts of Interest***

The Originator, the Loans Trustee, the Arranger, the Note Trustee, the Swap Provider, the Collateral Administrator, the Cash Administrator, the Agents and/or any of their Affiliates, as

well as the other parties to the Transaction acting in their respective capacities, shall not, by virtue of acting in any such capacity, be deemed to have other duties or responsibilities other than as expressly provided with respect to each such capacity. In particular, to the extent that Lloyds Bank plc and/or its Affiliates acts in any of the above capacities with respect to the Issuer, the interests of Lloyds Bank plc and its Affiliates may at times conflict with the interests of Noteholders and/or other Transaction Parties as a result of acting in a number of different capacities. As of the Issue Date, the Issuer expects that Lloyds Bank plc and its Affiliates will act in a number of capacities, including Arranger, Loans Trustee, Originator, Cash Administrator, Collateral Administrator and Swap Provider.

Any party to the Transaction and any of its Affiliates may have entered or may enter into business dealings with each other or with third parties from which they may derive revenues and profits in addition to any fees stated in the various documents, without any duty to account therefor and may from time to time be in possession of certain information (confidential or otherwise) and/or opinions which information and/or opinions might, if known by other parties (or individuals responsible for monitoring or advising the Issuer) or any Noteholder, affect decisions made by it (or them), including with respect to an investment in the Notes. Notwithstanding this, none of the parties to the Transaction including the Arranger nor any of their Affiliates shall have any duty or obligation to notify the Issuer, the Note Trustee, any Noteholder or any other party to the Transaction thereof (save as expressly provided in the Transaction Documents).

The parties to the Transaction and their respective Affiliates may also have ongoing relationships with each other and may own securities or other obligations issued by them or deal in any obligation of another party to the Transaction or its Affiliates and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking, investment management or other business transactions with each other and may act with respect to such transactions in the same manner as if the Transaction Documents, the Transaction and the Notes did not exist.

Any party to the Transaction, other than the Issuer, may purchase Notes from time to time and their interests may conflict with those of other Noteholders. As a consequence of these or other such relationships, potential or actual conflicts of interest may exist and/or arise in relation to the Transaction.

3.16 ***Performance under the Notes depends on, among other things, the performance of third parties***

The performance of any investment in the Notes will in part be dependent upon the performance by third parties of their respective obligations under the Transaction Documents, including without limitation the Originator, the Loans Trustee, any Swap Provider, any Agent, the Collateral Administrator, the Cash Administrator and the Note Trustee. Notwithstanding that such performance is contractually required, no assurance can be given with respect to the performance of such obligations. There can be no certainty that, in the event that any such third party needs to be replaced, a replacement party can be found to take over their responsibilities or that such replacement party will agree to do so on identical terms of those agreed with the outgoing party. Furthermore, the liability of any such party, the extent to which the Issuer may make a claim in the event of inadequate performance or non-performance may be limited by the provisions of the relevant contract (such as to fraud, wilful default or gross negligence). In such case, the ability of the Issuer to recover damages incurred may be reduced, which would in turn affect the amount available to make payments under the Notes.

3.17 ***Originator as Noteholder***

On the Issue Date, the Notes will be issued by the Issuer and subscribed for by the Originator and part of the proceeds of subscription paid by the Originator to the Issuer will be paid by the Issuer to the Originator as part of the consideration for vesting in the Issuer the Investor Interest. For so long as these Notes are held by the Originator, it will be entitled to all of the rights to which the holders of such Notes are entitled (including, without limitation, voting rights). The Originator's interests, with respect to the holding of such Notes, will be different from that of other Noteholders to the extent there are other Noteholders. So long as the Originator continues to hold

the Notes, in the exercise of the rights to which it is entitled under the Notes, it will be in its interests to minimise any adverse impact or potential adverse impact on itself and its Affiliates. Such interests of the Originator may conflict with the interests of other Noteholders.

3.18 ***Book-Entry Interests***

Unless and until Individual Note Certificates are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Rated Notes under the Note Trust Deed. After payment to the Paying Agent, the Issuer (unless funds are improperly held by the Paying Agent) will not have responsibility or liability for the payment of interest, principal or other amounts to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

The nominee of Common Depositary will be considered the registered holder of the Rated Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal Noteholder of the Global Notes under the Note Trust Deed while the Rated Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Note Trust Deed.

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

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, any paying agent, the Registrar or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Certain transfers of the Rated Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

3.19 ***Payments on the Notes may be subject to U.S. withholding under FATCA***

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), the Issuer and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Notes made after 31 December 2016. This withholding does not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are filed with the Federal Register, unless the Notes are characterized as equity for U.S. federal income tax purposes. If the Issuer itself is not in compliance with FATCA, payments it receives may be subject to FATCA withholding.

The United States and the United Kingdom entered into an intergovernmental agreement to implement FATCA (the "**UK IGA**"). Under the UK IGA, a foreign financial institution that is

treated as resident in the United Kingdom and that complies with the requirements of the UK IGA, will not be subject to FATCA withholding on payments it receives and will not be required to withhold on payments of non-U.S. source income. If the Issuer is unable to comply with the requirements of the UK IGA, for example, because it is unable to obtain information about Noteholders, it could become subject to withholding on U.S. source payments and "foreign passthru payments" received from other FFIs, which could reduce the amount of cash available for distribution to Noteholders. The United States is in the process of negotiating intergovernmental agreements to implement FATCA with a number of other jurisdictions. Different rules than those described above may apply if a Noteholder is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a paying agent or any other party as a result of the deduction or withholding of such amount. As a result, if FATCA withholding is imposed on these payments, investors may receive less interest or principal than expected.

An investor that is a "foreign financial institution" (as defined under the FATCA rules) but that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Investors should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

4. **RISKS RELATING TO THE COLLATERAL**

4.1 ***The Portfolio***

This Prospectus does not contain any information regarding the individual Included Loan Advances on which the Notes will be ultimately secured from time to time.

Pursuant to the Originator Trust Deed, the Loans Trustee will hold the Investor Interest and the Originator Interest in a trust over a portfolio of Included Loan Advances for the benefit of the Issuer and the Originator Beneficiary. The Investor Interest forms part of the Charged Assets and the Charged Assets is subject to credit, liquidity and interest rate risks.

Neither the Issuer nor the Arranger has made any investigation into the Obligor of the Included Loan Advances. The value of the Portfolio may fluctuate from time to time (as a result of substitution or otherwise). Fluctuations in the value of the Portfolio will result in fluctuations in the value of the Investor Interest. None of the Issuer, the Originator, the Originator Beneficiary, the Loans Trustee, the Note Trustee, the Arranger, the Collateral Administrator, the Cash Administrator, the Swap Provider, any Agent or any of their Affiliates are under any obligation to maintain the value of the Included Loan Advances or the Investor Interest at any particular level. None of the Issuer, the Originator, the Originator Beneficiary, the Loans Trustee, the Note Trustee, the Arranger, the Collateral Administrator, the Cash Administrator, the Swap Provider, any Agent or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Included Loan Advances or Investor Interest from time to time. Purchasers of any of the Notes will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding any transfer of such Investor Interest in any Included Loan Advance by the Issuer to the Originator in accordance with the Originator Trust Deed and the consequent removal of any such Included Loan Advance from the Loans Trust.

The market value of the Included Loan Advances will generally fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the borrowers or guarantors or issuers, as the case may be, of the Included Loan Advances. The lower rating of below investment grade loans reflects a greater

possibility that adverse changes in the financial condition of an Obligor or guarantor or in general economic conditions or both may impair the ability of the relevant Obligor to make payments of principal or interest or the relevant guarantor to make payments under its guarantee. Such investments may be speculative.

The financial markets periodically experience substantial fluctuations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the Issue Date. A decrease in the market value of the Included Loan Advances would adversely affect the proceeds of sale that could be obtained upon the sale of the Included Loan Advances by the Originator, which could affect the amount of the Issuer Surrender Receipt received by the Issuer and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes.

Subject to the Conditions of the Notes, following the delivery of an Acceleration Notice, the Note Trustee may, at its discretion, and shall, if so directed by an Extraordinary Resolution of the Holders of the Most Senior Class, **provided that** it is indemnified and/or secured and/or prefunded to its satisfaction, without further notice institute such proceedings as it thinks fit to realise and/or otherwise liquidate or sell the Charged Assets in whole or in part and/or take such action as may be permitted under applicable laws against any Obligor in respect of the Charged Assets and/or take any other action to enforce the security over the Charged Assets. The restriction on the Note Trustee's ability to enforce the Security could adversely affect the proceeds of enforcement that would otherwise have been available to the Noteholders.

4.2 ***Nature of the Included Loan Advances***

The Included Loan Advances which form the Loans Trust Property will be subject to credit, liquidity, interest rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance.

4.3 ***Concentration Risk***

Although no material concentration with respect to any particular Obligor is expected to exist at the Issue Date, the concentration of the Portfolio in any one Obligor would subject the Notes to a greater degree of risk with respect to defaults by such Obligor, and the concentration of the Portfolio in any one industry, region or country could subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry, region or country. See "*The Portfolio*".

4.4 ***Interest Rate Risk***

The Rated Notes bear interest at floating rates based on LIBOR. However, the amount or proportion of the Included Loan Advances being used to pay the Notes that bear interest at floating rates based on LIBOR may not correspond to the amount or proportion of the Notes that bear interest on such basis, and there will be no requirement as to the amount or proportion of the Included Loan Advances securing the Notes that must bear interest on a particular basis.

In the case of the Rated Notes, which will bear interest at a rate based on LIBOR for the period from one Payment Date (or, in the case of the first Interest Period, the Issue Date) to the next Payment Date, there may be a floating/fixed rate or basis mismatch between the Rated Notes and the underlying fixed rate Included Loan Advances and there may be a timing mismatch between the Rated Notes and the floating rate Included Loan Advances as the interest rate on such floating rate Included Loan Advances may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the Rated Notes. The Issuer and the Swap Provider will enter into the Swap Agreement to hedge certain interest rate exposure in respect of the Portfolio of Included Loan Advances. However, the Issuer and the Swap Provider will not enter into swap transactions to hedge such interest rate exposure in respect of each individual Included Loan Advance. Although a Swap Agreement will be entered into in respect of the Included Loan Advances, the Issuer may have insufficient funds to make payments in respect of the Rated Notes in the event of an early termination of the Swap Transaction under such Swap Agreement.

The Issuer's ongoing payment obligations under such Swap Agreement (including a termination payment which the Issuer may be required to pay (or entitled to receive) in the event of an early termination of the Swap Transaction) may be significant. The payments associated with such hedging arrangements generally rank senior to payments on the Notes.

The Issuer will depend upon the Swap Provider to perform its obligations under the Swap Agreement entered into to cover its interest rate exposure. If the Swap Provider or Issuer defaults or becomes unable to perform due to insolvency or otherwise, or as a result of the occurrence of certain termination events, the Issuer may not receive payments it would otherwise be entitled to from such Swap Provider to cover its interest rate exposure and the Issuer may be required to pay (or entitled to receive) a termination payment.

Interest Amounts are due and payable in respect of the Notes on a quarterly basis. If a significant number of Included Loan Advances pay interest every 180 days or less frequently, there may be insufficient interest received to make quarterly interest payments on the Notes if the Swap Transaction is terminated and the Issuer is unable to enter into a replacement. In order to mitigate the effects of any such timing mis-match the Issuer will be required to hold back a portion of the interest received in respect of the Included Loan Advances which pay interest less frequently than quarterly in order to make quarterly payments of interest on the Notes. There can be no assurance that this retention shall be sufficient to mitigate any timing mismatch.

4.5 ***Swap Provider Risk***

In the event that the Swap Provider does not pay the amount it is required to pay under the Swap Agreement when due, Available Funds may be less than would otherwise be the case. In addition, if the Swap Transaction is terminated prior to its maturity, the Cash Administrator (on behalf of the Issuer) may be obliged to use Available Funds to pay a termination payment, including any default or breakage costs, under such Swap Agreement. Either situation could result in less Available Funds than would otherwise be the case and result in reduced payments to Noteholders.

Furthermore, if the Swap Provider were to default in respect of its obligations under the Swap Agreement so as to result in an early termination of the Swap Transaction, the Issuer will use commercially reasonable efforts to enter into a replacement arrangement with another appropriately rated entity, which may require the Issuer to make a payment to such rated entity. A failure to enter into such a replacement arrangement may result in a downgrade of the rating of the Rated Notes, and may reduce the amount of funds available to make payments on the Notes.

In the event of the insolvency of the Swap Provider the Issuer will be treated as a general creditor of such Swap Provider. Consequently, the Issuer will be subject to the credit risk of such Swap Provider, as well as that of the Included Loan Advances.

To mitigate this risk, under the terms of the Swap Agreement, in the event that the issuer credit rating of each of the Swap Provider, its guarantor and its Credit Support Provider (as specified in the Swap Agreement) are downgraded by a Rating Agency below the Required Swap Rating, the Swap Provider will, in accordance with the terms of the Swap Agreement and at its own cost, be required to elect to take certain remedial measures within the time frame stipulated in the Swap Agreement which may include providing collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Subsequent Required Swap Rating, procuring another entity with the Subsequent Required Swap Rating to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action that would result in the Rating Agencies continuing the then current rating of the Notes or restoring it to the level it was at immediately prior to such downgrade event.

For further information in relation to the Swap Agreement, Required Swap Rating and Subsequent Required Swap Rating, see "*Hedging Agreement*" below.

4.6 ***Confidentiality; Limitations on Available Information***

The Originator may have been required to enter into one or more confidentiality arrangements regarding certain information received with respect to the Included Loan Advances, the Obligors thereof and/or certain other parties relating to such Included Loan Advances. As a result, the ability of the Originator, the Loans Trustee, the Issuer, or the Collateral Administrator on behalf of the Issuer or the Note Trustee, to provide certain information to Noteholders regarding the Included Loan Advances may be restricted or limited.

4.7 ***Obligors in Foreign Jurisdictions***

Obligors may be incorporated or resident in foreign jurisdictions outside of England and Wales, including, *inter alia*, France, Germany, Belgium, The Netherlands, Luxembourg, Norway, Sweden, Italy, Finland, Spain, Switzerland, Denmark, Ireland and USA and may therefore be subject to differing insolvency regimes. Enforcement of security against Obligors may be restricted by local insolvency law, including, for example, any statutory moratorium periods during which enforcement of security interests is prevented.

With respect to these Obligors, there is a risk that (a) third party creditors may commence insolvency proceedings against it in its jurisdiction of incorporation; and (b) an English court might decline jurisdiction if the Originator or the relevant facility agent were to seek to commence insolvency proceedings in England and Wales (as applicable). In certain cases, the Obligors are special purpose vehicles which are restricted from entering into other transactions and are, therefore, unlikely to be subject to insolvency proceedings instituted by third parties, however, in some cases the Obligors are not special purpose vehicles.

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

4.8 ***Multi-Currency Obligations***

Some of the Included Loans Advances are in respect of Multi-Currency Obligations in respect of which the Originator may make available advances in currency or currencies in addition to Sterling. In addition, some Multi-Currency Obligations allow draw downs denominated in different currencies to be made and repaid at different times. In respect of such Multi-Currency Obligations, advances made in Sterling will be part of the Loans Trust in accordance with the terms of the Originator Trust Deed. Advances made in currency or currencies other than Sterling will not be part of the Loans Trust (as to which see "*The Loans Trust*"). For such Multi-Currency Obligations where Sterling advances and advances made in other currencies are outstanding at the same time, an event of default under the relevant Loan Agreement will occur if the relevant Obligor defaults under outstanding advances denominated in a currency other than Sterling (even if such Obligor has not defaulted in respect of the advances denominated in Sterling).

4.9 ***Cross Default***

The terms of certain Loan Agreements or their Related Security in some cases contain a clause which triggers a cross default by all the Obligors under such Loan Agreement if there is a default

by certain companies within the relevant Obligor's group under the same Loan Agreement or other Loan Agreements entered into with the Originator or other financial indebtedness.

5. RISKS RELATING TO LLOYDS BANKING GROUP

Legal and Regulatory Risks

LEGAL AND REGULATORY RISKS

5.1 **Lloyds Banking Group's businesses are subject to substantial regulation and regulatory and governmental oversight. Adverse regulatory developments could have a significant material adverse effect on Lloyds Banking Group's results of operations, financial condition or prospects.**

Lloyds Banking Group's businesses are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in the UK, the European Union and the other markets where they operate.

These laws and regulations include (i) prudential regulatory developments, (ii) increased regulatory oversight, particularly in respect of conduct issues and (iii) industry-wide initiatives, each of which significantly affect the way that Lloyds Banking Group does business and can restrict the scope of its existing businesses, limit its ability to expand its product offerings or make its products and services more expensive for clients and customers.

Unfavourable developments across any of these three regulatory areas, discussed in greater detail below, could materially affect Lloyds Banking Group's ability to maintain appropriate liquidity, increase its funding costs, constrain the operation of its business and/or have a material adverse effect on Lloyds Banking Group's business, operations and financial condition. Areas where regulatory changes could have an adverse effect include, but are not limited to:

- general changes in government, central bank or regulatory policy, or changes in regulatory regimes that may influence investor decisions in particular markets in which Lloyds Banking Group operates, any of which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;
- external bodies applying or interpreting standards or laws differently to those applied by Lloyds Banking Group;
- an uncertain and rapidly evolving prudential regulatory environment which could materially adversely affect Lloyds Banking Group's ability to maintain liquidity and increase its funding costs;
- changes in competitive and pricing environments or one or more of Lloyds Banking Group's regulators intervening to mandate the pricing of certain of Lloyds Banking Group's products, as a consumer protection measure;
- one or more of Lloyds Banking Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;
- further requirements relating to financial reporting, corporate governance, corporate structure and conduct of business and employee compensation;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership;
- changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;
- change influencing business strategy, particularly the rate of growth of the business; and

- imposing conditions on the sales and servicing of products, which has the effect of making such products unprofitable or unattractive to sell.

Prudential regulatory developments, include (i) the Financial Services (Banking Reform) Act 2013 (the "**Banking Reform Act**"), (ii) the Capital Requirements Directive and the Capital Requirements Regulation ("**CRD IV**"), largely effective from 1 January 2014 and (iii) EU Directive 2014/59/EU establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"), which was published in the Official Journal of the European Union on 12 June 2014 and which must be incorporated by EU member states by 31 December 2014.

The Banking Reform Act contains measures that include (i) ring-fencing domestic retail banking services of UK banks, (ii) HM Treasury increasing UK banks' and building societies' loss-absorbing capacity (including by way of bail-in bonds) and (iii) elevating the ranking of deposits covered by the UK Financial Services Compensation Scheme (the "**FSCS**") on a winding-up to rank ahead of the claims of all other unsecured creditors.

At the European level, following the report of the European Commission's high-level expert group on banking structural reform chaired by Erkki Liikanen (the "**Liikanen Report**"), which was published in October 2012, structural reforms measures that are similar to some of those contained in the Banking Reform Act are also under consideration. In January 2014, the European Commission announced proposals to ban certain of the largest, most systemically important banks within the EU from proprietary trading and to grant national regulators the power to require the transfer of certain trading activities of these banks from the deposit-taking business to a separate legal entity.

On 30 July 2014, the PRA and FCA published two joint consultation papers aimed at improving individual responsibility and accountability in the banking sector. This includes:

- A new approval regime for the most senior individuals whose behaviour and decisions have the potential to harm customers; and
- Introducing new rules on remuneration to strengthen the alignment between long-term risk and reward in the banking sector; and
- A new set of conduct rules, which takes the form of brief statements of high level principles, setting out the standards of behaviour for bank employees.

The PRA and FCA aim to publish the final rules in late 2014.

Lloyds Banking Group is responsible for contributing to compensation schemes such as the FSCS in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. Further provisions in respect of these costs are likely to be necessary in the future. The ultimate cost to the industry, which will also include the cost of any compensation payments made by the FSCS and, if necessary, the cost of meeting any shortfall after recoveries on the borrowings entered into by the FSCS, remains uncertain but may be significant and may have a material effect on Lloyds Banking Group's business, results of operations and financial condition.

In Europe, Directive 94/19/EC on Deposit Guarantee Schemes (the "**EU DGSD**") required EU member states to introduce at least one deposit guarantee scheme by 1 July 1995. The EU DGSD has been reviewed and a new legislative proposal was published by the European Commission in July 2010. The main changes proposed included: a tightened definition of deposits; a requirement that the deposit guarantee scheme repay customers within one week and that banks must be able to provide information at any time. On 15 April 2014, the European Parliament adopted the Commission's proposal for a revision of Directive 94/19/EC and on the 12 June 2014, the new Directive was published in the Official Journal of the EU. EU member states are required to implement several provisions of the new Directive by 3 July 2015 (with the remaining provisions required to be transposed by 31 May 2016).

Given the early stages of some of these reform measures, it is difficult to predict how the above proposals will be implemented and what financial obligations may be imposed by the EU in relation to them. However, depending on the specific nature of the requirements and how they are enforced, such changes could have a significant impact on Lloyds Banking Group's operations, business, prospects, structure, costs and/or capital requirements.

European Regulation 648/2012, known as the European Market Infrastructure Regulation ("**EMIR**"), introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR came into force on 16 August 2012, although the main requirements will be progressively implemented from 2013 to 2015. When it enters fully into force, EMIR will require entities that enter into any form of derivative contract, including interest rate, foreign exchange, equity, credit and commodity derivatives, to: report every derivative contract entered into to a trade repository; implement new risk management standards (including operational processes and margining) for all bilateral over-the-counter derivative trades that are not cleared by a central counterparty, and clear, through a central counterparty, over-the-counter derivatives that are subject to a mandatory clearing obligation. CRD IV aims to complement EMIR by applying higher capital requirements for bilateral, over-the-counter derivative trades. Lower capital requirements for cleared trades are only available if the central counterparty is recognised as a "qualifying central counterparty", which has been authorised or recognised under EMIR (in accordance with related binding technical standards).

The full impact of the new derivative market regulations on Lloyds Banking Group remains unclear, and could have a materially adverse effect on Lloyds Banking Group's operations, financial condition and prospects. In particular, the costs of complying with the regulations could be burdensome, giving rise to additional expenses that may have an adverse impact on Lloyds Banking Group's financial condition. Additionally, such regulations could make it more difficult and expensive to conduct hedging and trading activities. As a result of these increased costs, the new regulation of the derivative markets may also result in Lloyds Banking Group deciding to reduce its activity in these markets.

Significant regulatory initiatives from the US impacting Lloyds Banking Group include the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") which provides a broad framework for significant regulatory changes that extend to almost every area of US financial regulation. Although uncertainty still remains about some of the final details, impact and timing of the Dodd-Frank Act's implementing regulations, Lloyds Banking Group expects that there may be additional costs and limitations on its business resulting from certain regulatory initiatives, including the final regulations implementing the Volker Rule and the rules imposing registration and other requirements on entities that engage in derivatives activities.

Lloyds Banking Group is continually assessing the impacts of legal and regulatory developments which could have an effect on Lloyds Banking Group and will participate in relevant consultation and calibration processes to be undertaken by the various regulatory and other bodies. Implementation of such regulatory developments could result in additional costs or limit or restrict the way that Lloyds Banking Group conducts business, although uncertainty remains about the details, impact and timing of such reforms. Lloyds Banking Group continues to work closely with regulatory authorities and industry associations to ensure that they are able to identify and respond to proposed regulatory changes and mitigate against risks to Lloyds Banking Group and its stakeholders.

5.2 **Lloyds Banking Group is exposed to various forms of legal and regulatory risk in its operations, including the risk of mis-selling financial products, acting in breach of legal or regulatory principles or requirements and giving negligent advice, any of which could have a material adverse effect on Lloyds Banking Group's results or its relations with its customers.**

Lloyds Banking Group is exposed to various forms of legal and regulatory risk in its operations including:

- (a) certain aspects of Lloyds Banking Group's businesses may be determined by the relevant authorities, the Ombudsman or the courts not to have been conducted in accordance with

applicable laws or regulations, or, in the case of the Ombudsman, with what is fair and reasonable in the Ombudsman's opinion;

- (b) the possibility of alleged mis-selling of financial products or the mishandling of complaints related to the sale of such products by or attributed to a member of Lloyds Banking Group, resulting in disciplinary action or requirements to amend sales processes, withdraw products, or provide restitution to affected customers, all of which may require additional provisions;
- (c) 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 activities, including its current probe into pricing and selling practices in annuity markets, its study on cash savings and its establishment of a new Payment Systems Regulator;
 - other efforts include the implementation of the UK Mortgage Market Review which intends to ensure that customers are offered, and are able to take out, mortgages that they can afford. Borrowers will be required to provide lenders with evidence of their income so as to ensure that they can afford a mortgage, with forecasted interest rate rises. The reforms came into effect on 26 April 2014; and
 - the OFT's study into defined contribution workplace pension schemes which found that many schemes charge too much, and are too complex to deliver sufficient value for money;
- (d) future conduct of business changes underpinned by the combination of the size of Lloyds Bank Group's retail and SME backbooks and the increased focus on conduct by Lloyds Banking Group and the FCA;
- (e) contractual obligations may either not be enforceable as intended or may be enforced against Lloyds Banking Group in an adverse way;
- (f) the intellectual property of Lloyds Banking Group (such as trade names) may not be adequately protected;
- (g) Lloyds Banking Group may be liable for damages to third parties harmed by the conduct of its business;
- (h) the risk of regulatory proceedings and private litigation, arising out of regulatory investigations or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions; and
- (i) the transfer of responsibility for regulating consumer credit from the OFT to the FCA. The FCA's approach will focus on higher-risk firms, and will have its own enforcement actions. The FCA's consumer credit sourcebook will be its basis for compliance and enforcement. Additionally, Lloyds Banking Group is subject to the Consumer Credit Act 1974 (the "CCA"), which regulates a wide range of credit agreements and which since 1 April 2014, is enforced by the FCA. If requirements under the CCA as to licensing of lenders or brokers or entering into and documenting a credit agreement are not, or have not been met, the relevant agreement may not be enforceable against the borrower.

Regulatory and legal actions pose a number of risks to Lloyds Banking Group, including substantial monetary damages or fines, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks. In addition, including as a result of regulatory actions, Lloyds Banking Group may be subject to other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation or otherwise, the potential for criminal prosecution in certain circumstances and regulatory restrictions on Lloyds Banking Group's business, all of which can have a negative effect on Lloyds Banking Group's reputation. Any of these risks could have an adverse impact on Lloyds Banking Group's operations, financial

results and condition and prospects and the confidence of customers in Lloyds Banking Group, as well as taking a significant amount of management time and resources away from the implementation of Lloyds Banking Group's strategy.

Lloyds Banking Group's operations also expose it to various forms of reputational impacts. Negative public opinion can result from the actual or perceived manner in which Lloyds Banking Group conducts its business activities, from Lloyds Banking Group's financial performance, the level of direct and indirect government support, actual or perceived practices in the banking and financial industry or allegations of misconduct. Negative public opinion may adversely affect Lloyds Banking Group's ability to keep and attract customers, which may result in a material adverse effect on Lloyds Banking Group's financial condition, results of operations and prospects. Negative public opinion referenced in the media as "lack of trust" in banking can be impacted by actions of competitors across the industry as well as actions by Lloyds Banking Group. Regaining the trust of customers and the public is a key objective of Lloyds Banking Group.

Lloyds Banking Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. Lloyds Banking Group may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when Lloyds Banking Group believes that it has no liability. Lloyds Banking Group may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, Lloyds Banking Group may, for similar reasons, reimburse counterparties for their losses even in situations where Lloyds Banking Group does not believe that it is legally compelled to do so.

Such matters are subject to many uncertainties, and the outcome of individual matters is not predictable. Failure to manage these risks adequately could materially affect Lloyds Banking Group, both financially and reputationally. Resolution of actions or disputes involving Lloyds Banking Group may be protracted, and the impact of such matters may be uncertain for long periods of time.

5.3 **Lloyds Banking Group may become subject to the provisions of the Banking Act 2009, as amended, in certain significant stress situations. The potential impact on Lloyds Banking Group is inherently uncertain.**

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers have been granted to HM Treasury, the Bank of England and the PRA and FCA as successors to the United Kingdom Financial Services Authority (the "FSA", (together, the "**Authorities**") as part of the special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with and stabilise entities that are within the scope of the SRR under Part 1 of the Banking Act, including UK-incorporated institutions with permission to accept deposits pursuant to Part 4A of the Financial Services and Markets Act 2000 ("**FSMA**"), that (in the case of UK banks) are failing or are likely to fail to satisfy the threshold conditions (within the meaning of section 55B of the FSMA). The SRR presently consists of three stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a commercial purchaser; (ii) transfer of all or part of the business of the relevant entity to a "bridge bank" wholly-owned by the Bank of England; and (iii) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. The SRR also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify certain contractual arrangements in certain circumstances.

In general, the Banking Act requires the Authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. The Authorities are also empowered by order to amend the law for the purpose of enabling the powers under the SRR to be used effectively. An order may make provision which has retrospective effect.

There is considerable uncertainty about the scope of the powers afforded to Authorities under the Banking Act and how the Authorities may choose to exercise them or the powers that may be granted to the Authorities under future legislation. The Financial Services (Banking Reform) Act 2013, alongside anticipated changes arising from UK implementation of the European Union Bank Recovery and Resolution Directive (2014/59/EU) during 2014 provides some clarity in this regard. In particular, the introduction of statutory "write-down and conversion" and "bail-in" powers will give the relevant UK resolution authority the power to cancel existing shares and/or dilute existing shareholders by writing down, writing off or converting relevant capital instruments or eligible liabilities into shares of the surviving entity, or to separate "critical functions" from other functions.

If an instrument or order were to be made under the Banking Act in respect of a relevant entity as described above, such instrument or order may (amongst other things) affect the ability of such entities to satisfy their obligations under the transaction documents and/or result in modifications to such documents. As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the issuing entity to meet its obligations in respect of the notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that noteholders would recover compensation promptly and equal to any loss actually incurred.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that they will make any such instrument or order, but there can be no assurance that this will not change and/or that noteholders will not be adversely affected by any such instrument or order if made.

6. **RISKS RELATING TO THE ISSUER**

6.1 ***The Issuer is a special purpose entity. Interest Payments and Principal Payments under the Notes are conditional upon receipt of the necessary funds by the Issuer and Noteholders will have no recourse against the other parties to the Transaction***

The Issuer is a special purpose entity and during the term of the Transaction will not have any assets (excluding any share capital and minor Transaction fees) other than the claims under the Charged Assets. If the Issuer does not receive funds under such claims, it will not be in a position to meet its obligations under the Notes. In such case, Noteholders will have no claims or other recourse against the other parties to the Transaction.

6.2 ***English Law Security and Insolvency Considerations***

The Issuer will enter into the Note Trust Deed pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes. If certain insolvency proceedings are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

In particular, the ability to realise the security granted by the Issuer may be delayed if an administrator is appointed or in the context of a company voluntary arrangement in respect of the Issuer. In this regard, it should be noted that:

- (a) in general, an administrator may not be appointed in respect of a company if an administrative receiver is in office. Amendments were made to the Insolvency Act 1986 in September 2003 which restrict the right of the Holder of a floating charge to appoint an administrative receiver, unless an exception applies. Significantly, one of the exceptions allows for the appointment of an administrative receiver in relation to certain transactions in the capital market. While it is anticipated that the requirements of this exception will be met in respect of the Note Trust Deed, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify the capital markets exception and/or provide that the exception shall cease to have effect; and
- (b) under the Insolvency Act 1986 (as amended by the Insolvency Act 2002), certain "small" companies (which are defined by reference to certain financial and other tests) are

entitled to seek protection from their creditors for a limited period for the purposes of putting together a company voluntary arrangement. The position as to whether or not a company is a small company may change from time to time and consequently no assurance can be given that the Issuer will not, at any given time, be determined to be a small company. However, certain companies are excluded from the optional moratorium provisions, including a company which is party to certain transactions in the capital market and/or which has a liability in excess of a certain amount. While the Issuer should fall within the current exceptions, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify these exceptions.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986 (the "**Insolvency Act**"), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Note Trust Deed may be used to satisfy any claims of unsecured creditors. While certain of the covenants to be given by the Issuer in the Transaction Documents will be intended to ensure it has no significant creditors other than the secured creditors under the Note Trust Deed, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

While the Transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

Whether a fixed security interest expressed to be created by the Note Trust Deed will be upheld under English law as a fixed security interest rather than floating security will depend, among other things, on whether the Note Trustee has the requisite degree of control under the Transaction Documents over the Issuer's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Note Trustee in practice. In particular, it is likely that the Note Trustee does not exert sufficient control over the accounts of the Issuer for the charges over those accounts to take effect as fixed charges. In addition, any assignment, charge or security granted over an asset which is expressed to be a fixed charge may be characterised as a floating charge if the proceeds thereof are paid into a bank account over which the Note Trustee is not deemed to have sufficient control as may be the case in this Transaction.

Unlike the fixed charges, the floating charge does not attach to specific assets but instead "floats" over a class of assets which may change from time to time, allowing the Issuer to deal with those assets and to give third parties title to those assets free from any encumbrance in the event of sale, discharge or modification, provided those dealings and transfers of title are in the ordinary course of the Issuer's business. Any assets acquired by the Issuer after the Issue Date (including assets acquired as a result of the disposition of any other assets of the Issuer) will also be subject to the floating charge unless they are subject to the fixed charges mentioned in this section.

The floating charge created by the Note Trust Deed allows the Note Trustee to appoint an administrative receiver of the Issuer and thereby prevent the appointment of an administrator of the Issuer by one of the Issuer's other creditors. An appointment of an administrative receiver by the Note Trustee under the Note Trust Deed will not be prohibited by Section 72A of the Insolvency Act 1986 as the appointment will fall within the exception set out under Section 72B of the Insolvency Act 1986 (First Exception: Capital Markets). Therefore, in the event that enforcement proceedings are commenced in respect of amounts due and owing by the Issuer, the Note Trustee will be entitled to control those proceedings.

Liquidation expenses

Prior to the House of Lords' decision in the case of *Re Leyland Daf* in 2004, the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA

of the Insolvency Act, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result, it is now the case that the costs and expenses of a liquidation will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer would be reduced by the amount of all, or a significant proportion of, any liquidation expenses.

Effect of Insolvency of the Originator on the Loans Trust

English law recognises that, on any insolvency of a trustee, property held in trust by the insolvent entity as trustee belongs to the beneficiaries of the relevant trust and is not available for distribution among creditors of the insolvent entity, acting other than in its capacity as trustee of the relevant trust. However, to the extent that a Loans Trust was not validly constituted (for example certain Included Loan Advances were not sufficiently identified or capable of being separated from property retained by the Originator), the Included Loan Advances may be available for distribution among the creditors of the Originator generally. Furthermore, regardless of whether the Loans Trust was validly constituted, any property which is not clearly identifiable as trust property at the time that the Issuer is tracing into it (for example it has been dissipated by the Originator or co-mingled with its property) may also be available for distribution among the creditors of the Originator generally. The Originator Trust Deed details the Included Loan Advances and distinguishes them in all cases from related rights retained by the Originator.

7. OTHER LEGAL AND REGULATORY RISKS

7.1 *Risk Factor relating to Implementation of Basel III capital and liquidity requirements*

The Basel Committee on Banking Supervision (the "**Basel Committee**") has approved significant changes to the previous framework including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (such changes being commonly referred to as "**Basel III**"). Basel III will, in the form implemented in participating countries, affect the risk weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

The Basel III changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Basel III set an implementation deadline on member countries to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 (though a delegated regulation, which has yet to come into force, states that the new Liquidity Coverage Ratio shall have a phased implementation from October 2015) and the Net Stable Funding Ratio from January 2018.

The Basel III reform package has been implemented in Europe through amendments to the Capital Requirements Directive and through an associated Capital Requirements Regulation (together known as "**CRD IV**"), which were published in the Official Journal of the European Union on 27 June 2013. Full implementation began from 1 January 2014, with particular elements being phased in over a period of time, to be fully effective by 2024. The changes approved by the Basel Committee may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework (including that exposures to "large financial sector entities", which may include Lloyds Banking Group, can be subject under CRD IV to an increased risk weighting) and, as a result, they may affect the liquidity and/or value of the Notes.

7.2 *Risks relating to the Banking Act 2009*

The Banking Act 2009, as amended, (the "**Banking Act**") 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 a UK bank or building society. The relevant transaction entities for these purposes may include the Originator, the Collateral Administrator, the Swap Provider, the Cash Administrator, the Loans Trustee, the Originator Beneficiary, the Issuer Account Bank and the Note Purchaser. In addition, pursuant to recent amendments made to the Banking Act (which amendments have not yet taken effect and key aspects of which remain unclear), provision has been made for certain tools to be used in respect of a wider range of UK entities, including investment firms and certain banking group companies **provided that** certain conditions are met. The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain 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.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the Banking Act in respect of a relevant entity as described above, such instrument or order may (amongst other things) affect the ability of such entities to satisfy their obligations under the transaction documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified (such as the mortgages trust) and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the transaction documents in respect of the relevant entity, including termination events and (in the case of the seller) trigger events in respect of perfection of legal title to the loans).

As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the issuing entity to meet its obligations in respect of the notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that noteholders would recover compensation promptly and equal to any loss actually incurred.

As noted above, amendments have been made to the Banking Act (but not yet taken effect) such that specified stabilisation tools (including the property transfer powers) may be used in respect of certain banking group companies provided certain conditions are met. The UK authorities have indicated that a portion of the definition of such companies will be specified in corresponding secondary legislation (which has not yet been published or made). In the absence of such secondary legislation, it is not possible to determine whether the issuing entity, Funding 1 and/or Funding 2 would be regarded as a relevant group company for these purposes (although previous consultation materials published by the United Kingdom government suggest that the amendments are primarily intended to allow the relevant stabilisation tools to be used in respect of financial group holding companies, rather than structured finance vehicles *per se*). As such, it is too early to anticipate the full impact of the amendments made to the Banking Act and there can be no assurance that the noteholders will not be adversely affected by an action taken under the relevant amended provisions, once such provisions have taken effect.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that they will make any

such instrument or order, but there can be no assurance that this will not change and/or that noteholders will not be adversely affected by any such instrument or order if made.

Lastly, the European Commission has published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. Amongst other things, the proposed directive contemplates the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities and provides for special rules for cross-border groups. The resolution tools and powers referred to in the directive include certain tools and powers which overlap in part with those available under the Banking Act and also certain further tools, such as provision for authorities to bail-in eligible liabilities of relevant institutions. The proposed directive is not in final form and it is likely that changes will be made to it in the course of the corresponding legislative procedure. As such, it is too early to anticipate the full impact of the directive and there can be no assurance that noteholders will not be adversely affected by an action taken under it, once it is agreed upon and implemented.

7.3 ***Regulatory Capital Requirements***

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes. In Europe, the US and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in a range of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby have a negative impact on the price and liquidity of such securities, including the Notes. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Originator or any other party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the date of this Prospectus or at any time in the future. Investors to which Article 404 to 410 of the CRD applies should also see the section "*Regulatory Disclosure*" after this section.

7.4 ***Change of law***

The structure of the Transaction and, *inter alia*, the issue of the Notes and the ratings which will be assigned to them are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the Transaction and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

7.5 ***European Monetary Union***

If the United Kingdom were to move to the third stage of economic and monetary union ("**EMU**") prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes.

It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State in the EMU and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of the Notes may become payable in euro; (ii) law may allow or require the Notes to be redenominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect an Obligor's ability to repay its Loan as well as adversely affect investors in the Notes.

7.6 *Securitisation Company Tax Regime*

The Taxation of Securitisation Companies Regulations 2006 (the "**TSC Regulations**") were made under section 84 of the Finance Act 2005 on 11 December 2006 (and now take effect under Chapter 4, Part 13 of the Corporation Tax Act 2010). The TSC Regulations 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. The TSC Regulations have been amended by, in particular, the Taxation of Securitisation Companies (Amendment) Regulations 2007, which came into force on 27 December 2007 (and have effect for periods beginning on or after 1 January 2007).

If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the applicable 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 it is expected that advisors will rely significantly upon guidance from the UK 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 if the Issuer did not fall to be taxed under the regime provided for by TSC Regulations 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 particular, 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 affect on its ability to make payments to the Noteholders.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is *required* to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date. On 25 November 2014, Luxembourg enacted legislation to this effect.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described in the first paragraph above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

7.7 ***Contractual Priorities of Payments***

The validity of contractual priorities of payments such as those contemplated in this Transaction has been challenged in the English courts. The hearings arose due to the insolvency of a secured creditor (in that case a swap counterparty) and considered whether such payment priorities breach the "anti-deprivation" principle under English insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. However, at first instance in *Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd* (2009) EWCH 1912 (Ch), the English court dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions. The judgment was subsequently upheld by the Court of Appeal ([2009] EWCA Civ 1160) and the Supreme Court ([2011] UKSC 38).

8. **PROJECTIONS, FORECASTS AND ESTIMATES**

Any projections, forecasts and estimates provided to prospective purchasers of the Notes are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, the timing of acquisitions of the Portfolio, differences in the actual allocation of the Portfolio among asset categories from those assumed, mismatches between the timing of accrual and receipt of Interest Proceeds and Principal Proceeds from the Portfolio, and the effectiveness of the Swap Agreement, among others.

None of the Issuer, the Originator, the Loans Trustee, the Arranger, the Collateral Administrator, the Cash Administrator, the Note Trustee, the Swap Provider, the Agents or any of their respective Affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

REGULATORY DISCLOSURE

Article 405 of the Capital Requirements Regulation

Pursuant to Article 405 of Regulation 2013/575/EU (the "**CRR**"), the Originator, in its capacity as originator of the assets, will undertake to the Issuer that it will retain or ensure retention of, at all times until the redemption of the last of the Notes, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation by holding an interest in the first loss tranche as contemplated by Article 405(1)(d) of the CRR. As at the Issue Date, such holding will be achieved by holding the requisite amount of the Class S Notes. The Originator shall provide an undertaking in the Note Purchase Agreement with respect to the interest to be retained by it. Any change in the manner in which such interest is held will be notified to Noteholders.

The Originator has undertaken to provide to prospective investors readily available access to the data and information referred to in Article 406 of the CRR, subject always to any requirement of law.

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 Articles 405-409 of the CRR and none of the Issuer, nor the Arranger or the Originator or any of the other Transaction Parties make any representation that the information described above or in this Prospectus 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.

CRA Regulation

The credit ratings included or referred to in this Prospectus have been issued by S&P and Moody's.

Each of S&P and Moody's is a credit rating agency established in the European Community and registered under the CRA Regulation.

SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

Please refer to section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes.

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A	Class B	Class S
Currency	£	£	£
Initial Principal Amount	2,560,000,000	120,000,000	520,100,000
Note Credit Enhancement	Subordination of Class B Notes and Class S Notes	Subordination of Class S Notes	N/A
Reserve Credit Enhancement/ Liquidity Support	Available Principal Funds	N/A	N/A
Issue Price	100%	100%	100%
Interest Reference Rate	3m Libor	3m Libor	Variable Interest
Relevant Margin	0.95% per annum	1.50% per annum	Amount
Interest Accrual Method	ACT/365	ACT/365	
Payment Dates	20 th of January, April, July and October London, Dublin	20 th of January, April, July and October London, Dublin	20 th of January, April, July and October London, Dublin
Business Day Convention	London, Dublin	London, Dublin	London, Dublin
First Payment Date	20 April 2015	20 April 2015	20 April 2015
First Interest Period	The period from (and including) the Issue Date to (but excluding) the first Payment Date	The period from (and including) the Issue Date to (but excluding) the first Payment Date	The period from (and including) the Issue Date to (but excluding) the first Payment Date
Pre-Enforcement Redemption Profile	Sequential-pass through amortisation on each Payment Date to the extent of Available Principal Funds subject to and in accordance with the Pre-Enforcement Principal Payments Priorities	Sequential-pass through amortisation on each Payment Date to the extent of Available Principal Funds subject to and in accordance with the Pre-Enforcement Principal Payments Priorities	Sequential-pass through amortisation on each Payment Date to the extent of Available Principal Funds subject to and in accordance with the Pre-Enforcement Principal Payments Priorities
Post-Enforcement Redemption Profile	Sequential-pass through amortisation in accordance with the Post-Enforcement Payments Priorities	Sequential-pass through amortisation in accordance with the Post-Enforcement Payments Priorities	Sequential-pass through amortisation in accordance with the Post-Enforcement Payments Priorities
Redemption Profile	Sequential pass-through	Sequential pass-through	Sequential pass-through
Final Maturity Date	20 October 2030	20 October 2030	20 October 2030
Form of the Notes	Registered	Registered	Registered
Application for Listing	Main Securities Market of the Irish Stock Exchange	Main Securities Market of the Irish Stock Exchange	N/A
ISIN	XS1152487747	XS1152494107	N/A
Common Code	11548774	115249410	N/A
Clearance/Settlement	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	N/A
Minimum Denomination	£100,000 and £1,000 increments	£100,000 and £1,000 increments	£100,000
Notes Retained by Originator on Closing	All	All	All

Ranking The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times.

Status The Notes constitute direct, secured, limited recourse obligations of the Issuer. The Class A Notes will rank in priority to the Class B Notes and the Class S Notes. The Class B Notes will rank in priority to the Class S Notes. Notes of each Class will rank *pari passu* and rateably without any preference among themselves.

The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal

at all times, but subordinate to the Class A Notes.

The Class S Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and Class B Notes.

The "**Most Senior Class**" means (a) if, and for so long as any Class A Notes are outstanding, the Class A Notes; (b) if, and for so long as any Class B Notes are outstanding (but no Class A Notes are outstanding), the Class B Notes; (c) if, and for so long as any Class S Notes are outstanding (but no Class A Notes or Class B Notes are outstanding), the Class S Notes.

Security

Pursuant to the Note Trust Deed the Issuer will create in favour of the Note Trustee for itself and on trust for, the Noteholders and other Secured Creditors first ranking English law security interests over, amongst other things, its Investor Interest in the Loans Trust, its interests in the Transaction Documents and the Issuer Accounts as security for, among other things, the payment of amounts due to Noteholders in respect of the Notes. The security granted by the Issuer includes:

- (a) a first fixed charge over the Issuer's present and future rights, title and interest (and all entitlements or benefits relating thereto) in and to each Permitted Investment and any other investments, in each case held by the Issuer from time to time (where such rights are contractual rights other than contractual rights, the assignment of which would require the consent of a third party), including, without limitation, all monies received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time thereon, thereto or in respect thereof or in substitution therefore and the proceeds of sale, repayment and redemption thereof;
- (b) a first fixed charge over the Issuer's right, title and interest (and all entitlements or benefits relating thereto) in and to the Investor Interest in the Loans Trust, and any other investments, in each case held by or on behalf of the Issuer, where such assets are contractual rights not assigned by way of security pursuant to paragraph (a) above including, without limitation, all monies received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time thereon, thereto or in respect thereof or in substitution therefore and the proceeds of sale, repayment and redemption thereof;
- (c) a first fixed charge over the Issuer's right, title and interest in and to the Issuer Accounts (and, in the case of the Swap Collateral Account, only to the extent applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under the Swap Agreement) and any other bank or other accounts in which the Issuer may at any time have or acquire any benefit;
- (d) an assignment by way of security of the Issuer's right, title and interest in and to each Transaction Document (other than the Note Trust Deed and the Note Purchase Agreement);
- (e) a first fixed charge over all monies held from time to time by the Paying Agent on behalf of the Issuer for payment of principal, interest or other amounts on the Notes;

- (f) an assignment by way of security of the Issuer's present and future rights under the Swap Agreement (subject to the application of any netting and set-off provisions contained therein) and the Swap Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to the Swap Agreement; **provided that** such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof); and
- (g) a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital.

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to the Note Trust Deed.

The floating charge created by the Note Trust Deed shall be postponed to any valid fixed charges which remain outstanding under the Note Trust Deed from time to time and any rights of the Issuer to deal with the assets subject to the floating charge shall be expressly subject to any restrictions placed on dealing with those assets contained in any fixed charge over the same.

See also the following risk factor under "*Risk Factors – English Law Security and Insolvency Considerations*".

Interest Provisions

Each Rated Note bears interest on its Principal Amount Outstanding at the relevant Note Rate from (and including) the Issue Date.

The Rated Notes will bear interest at the rate specified in the table above, payable quarterly in arrear on each Payment Date commencing on 20 April 2015 in respect of the Interest Period ending on each such Payment Date. The Class S Notes will bear interest at a variable amount calculated in the manner described in Condition 4 (*Interest*).

Each Class S Note shall receive by way of interest excess amounts (if any) equal to the Available Revenue Funds remaining following payments made in priority to the Class S Noteholders in accordance with the Pre-Acceleration Revenue Priority of Payments or, after delivery of an Acceleration Notice, the proceeds of enforcement remaining following payments made in priority to the Class S Noteholders in accordance with the Post-Acceleration Priority of Payments.

Payment Dates are 20th of January, April, July and October in each year commencing on 20 April 2015. If a Payment Date does not fall on a Business Day, such Payment Date will, for all purposes, be the following Business Day.

To the extent that there are insufficient funds available to the Issuer to pay interest on any Class of Notes, other than the Most Senior Class of Notes in accordance with the relevant Priority of Payments, such interest will be deferred as described in Condition 4.3 (*Previous Interest*).

Failure on the part of the Issuer to pay any amount of interest due and payable in respect of the Most Senior Class of Notes pursuant to Condition 4 (*Interest*) and the relevant Priority of Payments shall not be an Event of Default unless and until such failure continues for a period of more than ten Business Days.

Available Revenue Funds "Available Revenue Funds" means, in respect of any Payment Date, the amount calculated by the Cash Administrator on the Determination Date immediately preceding such Payment Date (excluding any (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts) equal to the sum of (without double counting):

- (a) the Interest Proceeds including, for the avoidance of doubt, any interest credited to the Issuer Accounts (other than the Swap Collateral Account) during the relevant Collection Period but excluding (i) an amount from the Revenue Receipts that shall be paid to the Originator in respect of Deferred Consideration or Excess AMS Consideration, and (ii) an amount from the Revenue Receipts that shall be paid to the Originator as a result of the relevant Monthly Reconciliation;
- (b) amounts applied in accordance with paragraphs (i) and (ii) of the Pre-Acceleration Principal Priority of Payments on such date;
- (c) payments (if any) to be received from the Swap Provider on such Payment Date under the Swap Agreement (excluding any (i) Swap Collateral and (ii) termination payments received by the Issuer from the Swap Provider to the extent such payment is used by the Issuer to acquire a replacement swap transaction following early termination of the Swap Transaction),

provided that the Issuer Profit Amount, once allocated to the Issuer Profit Ledger pursuant to the relevant Priority of Payments, shall no longer form part of Available Revenue Funds.

Available Principal Funds "Available Principal Funds" means, in respect of any Payment Date, the amount calculated by the Cash Administrator on the Determination Date immediately preceding such Payment Date equal to the sum of the Principal Proceeds paid into the Principal Account during the relevant Collection Period excluding (i) an amount from the Principal Receipts that shall be paid to the Originator in respect of Deferred Consideration or Excess AMS Consideration and (ii) an amount from the Principal Receipts that shall be paid to the Originator as a result of the relevant Monthly Reconciliation.

Interest Deferral To the extent that, subject to and in accordance with the relevant Priority of Payments, on any Payment Date, the Issuer does not have sufficient funds to pay in full interest on any Class of Notes (other than the Most Senior Class of Notes then outstanding) on a Payment Date for such Notes, payment of the shortfall attributable to such Class of Notes ("**Previous Interest**") will not then fall due but will instead be added to the principal amount of the Class B Notes only, and thereafter will accrue interest at the rate of interest applicable to the relevant Class of Notes and the failure to pay such Previous Interest to the Holders of the Class B Notes, will not be an Event of Default until the Note Maturity Date (whereupon all Previous Interest shall become immediately due and payable) **provided that** if the relevant Class is the Most Senior Class of Notes then outstanding interest shall not be added to the Principal Amount Outstanding of such Class and failure to pay any interest when due (subject to any applicable grace period) will constitute an Event of Default. See Condition 4.3 (*Previous Interest*) for further details.

Gross-up If the Issuer is required to withhold or deduct amounts payable on the Notes on account of tax, the Issuer will not be obliged to gross-up any such payment obligation and this will not constitute an Event of Default.

Redemption

Payments of principal on the Notes will be made in the following circumstances as more fully described in Condition 5 (*Redemption*) as follows:

- on the Note Maturity Date when the Notes will fall due for redemption in full in accordance with Condition 5.1 (*Final Redemption*);
- on each Payment Date when the Notes are in whole or in part (*pro rata* and *pari passu* amongst themselves) in an amount equal to the Available Principal Funds available for such purpose in accordance with the Pre-Acceleration Principal Priority of Payments until each Class of Notes has been redeemed in full or, in the event that one or more of Overcollateralisation Tests has not been met on such Payment Date, in an amount to be applied for such purpose in accordance with the Pre-Acceleration Revenue Priority of Payments, in each case in accordance with Condition 5.2 (*Mandatory Early Redemption*);
- following the receipt of an Issuer Surrender Receipt, the Notes will be redeemed in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*);
- subject to certain conditions being met, on each Payment Date prior to the Note Maturity Date on which the Originator exercises a Call Option as described in Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*), the Notes of each Class shall be redeemed in whole by the Issuer at their Principal Amount Outstanding on such Payment Date;
- subject to certain conditions being met, upon the occurrence of certain taxation events as described in Condition 5.8 (*Optional Redemption in whole for taxation reasons*), the Notes shall be redeemed in whole;

Each Class of Notes will mature, and principal thereon will become due and payable, at their Principal Amount Outstanding on the Note Maturity Date, in each case, unless redeemed or repaid prior thereto. The average life of each Class of Notes is expected to be shorter than the number of years from the Issue Date until the Note Maturity Date. See "*Risk Factors — Average Life and Prepayment Considerations*".

Event of Default

As fully set out in Condition 11 (*Events of Default*) which broadly includes (where relevant, subject to the applicable grace period):

- *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within ten Business Days of the due date for payment of such principal in accordance with Condition 5 (*Redemption*) or fails to pay any amount of interest in respect of the Notes within ten Business Days of the due date for payment of such interest in accordance with Condition 4 (*Interest*) (**provided that** such grace period shall be fifteen Business Days if the non-payment is due to a technical or administrative error); or
- *Representations and Warranties*: any representation or warranty of the Issuer made in the Note Trust Deed or in any certificate in writing delivered pursuant thereto is incorrect in any material respect when made, and continuance of such breach of representation or warranty continues for a period of 30 calendar days after written notice thereof is given to the Issuer (copied to

the Loans Trustee) by the Note Trustee; or

- *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Most Senior Class of Notes, the Transaction Documents and such default (a) is certified by the Note Trustee as being incapable of remedy or (b) being a default which is, in the opinion of the Note Trustee, capable of remedy, remains unremedied for 30 days after the Note Trustee has given written notice of such default to the Issuer; or
- *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents; or
- *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer; or
- *Investment company*: the Issuer becomes an "**investment company**" within the meaning of the Investment Company Act.

Acceleration and Enforcement

If an Event of Default has occurred and is continuing, the Note Trustee may at its discretion, and shall, if so requested (i) in writing by the Holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or (ii) by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes Outstanding (but in each case only if it has been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing) deliver an Acceleration Notice and institute such proceedings as may be required in order to enforce the Security.

Limited Recourse

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 6.1 (*Limited Recourse*).

No action by Noteholders or any other Secured Creditors

No Noteholders or any other Secured Creditors shall be entitled to take any steps:

- (a) (otherwise than in accordance with the Note Trust Deed and the Conditions) to direct the Note Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security; or
- (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Secured Creditors; or
- (c) until the date falling two years and one day after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceedings in relation to the Issuer; or
- (d) to take or join in the taking of any steps or proceedings which would result in the Priority of Payments not being observed.

Governing Law

English law.

RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

Please refer to sections 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 Creditors.

Convening of Noteholders Meeting

A meeting of Noteholders of a particular Class may be convened by the Noteholder or the Issuer at any time, and must be convened by the Note Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular Class holding no less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding of that Class. Noteholders can participate in a Noteholders' meeting convened by the Issuer or the Trustee to consider any matter affecting their interests.

Noteholders Meeting provisions

Matters which, in the opinion of the Note Trustee, affect the Noteholders of more than one Class but do not give rise to an actual or potential conflict of interest between the Noteholders of one Class and the Holders of another Class shall be transacted either at separate meetings of the Noteholders of each Class or at a combined meeting of the Noteholders of all Classes of Notes as the Note Trustee shall determine in its absolute discretion.

	<u>Initial meeting</u>	<u>Adjourned meeting</u>
Notice period:	21 clear calendar days	10 clear calendar days
Quorum:	Two or more persons representing a majority of the Principal Amount Outstanding of a Class of Notes (other than regarding a Reserved Matter, which requires 75 per cent. of the Principal Amount Outstanding of such Class of Notes). In respect of the above, while all the Outstanding Notes of any Class are represented by a Global Note, a single Voter appointed in relation thereto or being the Holder of the Notes thereby represented shall be deemed to be two Voters for the purpose of forming a quorum	Any holding (other than regarding a Reserved Matter, which requires 33 $\frac{1}{3}$ of the Principal Amount Outstanding of the relevant Class of Notes)
Required majority:	more than 50 per cent. of votes cast for matters requiring Ordinary Resolution	66 $\frac{2}{3}$ per cent. of votes cast for matters requiring Extraordinary Resolution
Written Resolution:	more than 66 $\frac{1}{3}$ per cent. for the time being Outstanding of the relevant class of Notes. A Written Resolution has the same effect as an Extraordinary Resolution.	

Matters requiring Extraordinary Resolution

Broadly speaking, the following matters require an Extraordinary Resolution;

- Reserved Matters;
- Enforcement;

- Acceleration.

Negative Consent

The Note Trustee shall be obliged without any consent or sanction by Noteholders, or subject to Condition 15.7(c), any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions, the Notes, the Note Trust Deed or any other Transaction Document or in relation to which it holds security that the Issuer considers as necessary as referred to in Condition 15.6 (*Additional Right of Modification*) **provided that** each of the conditions specified in Condition 15.7 has been satisfied and, particularly, that, other than in the case of modification pursuant to Condition 15.6(b)(i) or 15.6(b)(ii) (1) the Issuer certifies in writing to the Note Trustee (which certification may be in the Modification Certificate) that in relation to such modification the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 20 (*Notices*) and by (either itself or via the Paying Agent) 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 and has made available at such time, the modification documents for inspection at the registered office of the Note Trustee for the time being during normal business hours, and (II) Noteholders representing at least 10 per cent. of the Aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer and the Paying Agent (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) notifying them by the time specified in such notice that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the Aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer and the Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such Notes may be held notifying them 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 Notes then Outstanding is passed in favour of such modification in accordance with Condition 14 (*Meetings of Noteholders*).

See Condition 15.6 (*Additional Right of Modification*) for further details.

Conflict of Interest

Subject to the provisions governing a Reserved Matter, an Extraordinary Resolution of Noteholders of the Most Senior Class shall be binding on all other Classes and would override any resolutions to the contrary by them.

Reserved Matters require an Extraordinary Resolution of all Classes of Notes then outstanding.

If, in relation to the exercise or performance of its functions, the Note Trustee is of the opinion that there is or may be a conflict between Holders of any Classes of Notes, the Note Trustee shall have regard only to the interests of the Holders of the Most Senior Class of Notes then Outstanding.

In relation to each Class of Notes:

- no Extraordinary Resolution involving a Reserved Matter that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of the other Classes of Notes (to the extent that there are Notes then Outstanding in each such other Classes);

- no Extraordinary Resolution to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of the other Class of Notes (if any) ranking senior to such Class (to the extent that there are Notes then Outstanding ranking senior to such Class) unless the Note Trustee considers that the interests of the Holders of each of the other Classes of Notes ranking senior to such Class would not be materially prejudiced by such Extraordinary Resolution; and
- any resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Note Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the Holders of the Most Senior Class of Notes then Outstanding duly convened and held as aforesaid shall also be binding upon the Holders of all the other Classes of Notes irrespective of the effect thereon.

Relationship between Noteholders and other Secured Creditors

In the event of any conflict of interest between the Noteholders and any other Secured Creditor, the interests of the Noteholders will prevail. So long as any of the Notes remain Outstanding, the Note Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by the Note Trust Deed, except where expressly provided otherwise, have no regard to the interests of any other Secured Creditor, and no Secured Creditor shall have any claim against the Note Trustee for so doing.

So long as any Notes are outstanding and the Note Trustee is of the opinion that there is a conflict between the interests of the Noteholders and the other Secured Creditors, the Note Trustee will take into account the interests of each class of Noteholders as a Class only in the exercise of its discretion.

Provision of Information to the Noteholders

Information in respect of the underlying Portfolio will be provided to the investors on a monthly basis.

The Cash Administrator will further provide an investor report on a monthly basis containing information in relation to the Notes including, but not limited to, ratings of the Notes, amounts paid by the Issuer pursuant to the Priorities of Payments in respect of the relevant period and required counterparty information.

Communication with Noteholders

Any notice to be given by the Issuer or the Note Trustee to Noteholders shall be given in the following manner:

- prior to the Issue of any Individual Note Certificates and so long as the Global Notes are held on behalf of Euroclear and/or Clearstream, upon delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to Noteholders; or
- following the issue of Individual Note Certificates, to be sent by post to the address of each Noteholder as has been notified to the Noteholders in such manner as the Note Trustee shall require; and

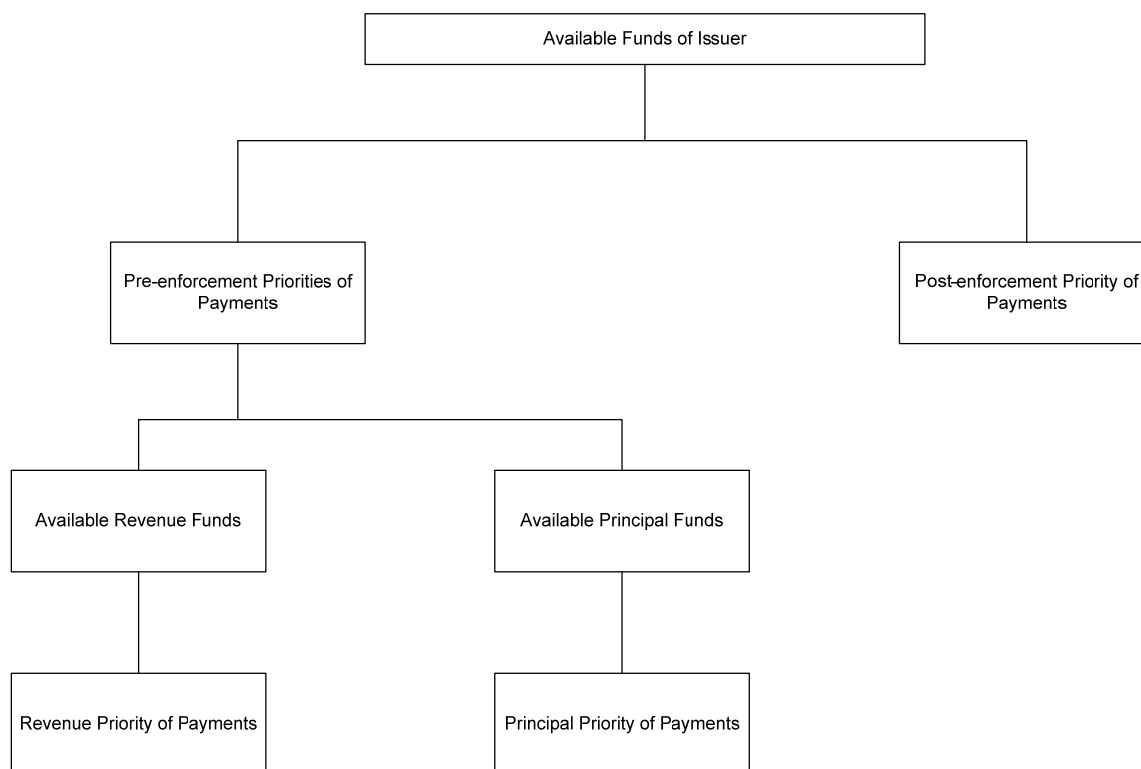
and, for so long as the Rated Notes are listed on the Irish Stock Exchange, in respect of notice to Class A Noteholders and Class B Noteholders, in accordance with the relevant requirements thereof.

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion,

such other method is reasonable having regard to market practice then prevailing and to the requirements of the Irish Stock Exchange on which the Rated Notes are then listed and **provided that** notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

CREDIT STRUCTURE AND CASHFLOW

Please refer to sections entitled "Key Structural Features" for further detail in respect of the credit structure and cash flow of the Transaction



Available Funds of the Issuer:

The Issuer expects to have Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

"Available Revenue Funds" will, broadly speaking, include the following (excluding any (i) Swap Collateral (including interest and other income deriving therefrom) (ii) Swap Tax Credits and (iii) Swap Replacement Receipts):

- the Interest Proceeds including, for the avoidance of doubt, any interest credited to the Issuer Accounts (other than the Swap Collateral Account) during the relevant Collection Period but excluding (i) an amount from the Revenue Receipts that shall be paid to the Originator in respect of Deferred Consideration or Excess AMS Consideration, and (ii) an amount from the Revenue Receipts that shall be paid to the Originator as a result of the relevant Monthly Reconciliation;
- amounts applied in accordance with paragraphs (i) and (ii) of the Pre-Acceleration Principal Priority of Payments on such date;
- payments (if any) to be received from the Swap Provider under the Swap Agreement (excluding any (i) Swap Collateral and (ii) termination payments received by the Issuer from the Swap Provider to the extent such payment is used by the Issuer to acquire a replacement swap transaction following early termination of the Swap Transaction);

provided that the Issuer Profit Amount, once allocated to the Issuer Profit Ledger pursuant to the relevant Priority of Payments, shall no longer form part of Available Revenue Funds.

"Available Principal Funds" will, broadly speaking, include the Principal Proceeds paid into the Principal Account during the relevant Collection Period excluding (i) an amount from the Principal Receipts that shall be paid to the Originator in respect of Deferred Consideration or Excess AMS Consideration and (ii) an amount from the Principal Receipts that shall be paid to the Originator as a result of the relevant Monthly Reconciliation.

Summary of Priorities of Payments

Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in Condition 7 (*Priorities of Payments*).

Pre-Acceleration Revenue Priority of Payments	Pre-Acceleration Principal Priority of Payments	Post-Acceleration Priority of Payments
I. any Note Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap	I. any Revenue Shortfall Amount on such date which shall form part of the Available Revenue Funds on such date	I. unpaid Note Trustee Fees and Expenses
II. Administrative Expenses up to an amount equal to the Administrative Expenses Cap and Issuer Profit Amount	II. (a) acquisition of the beneficial interest in additional Included Loan Advances (subject to the satisfaction of the Replenishment Criteria); (b) any Additional Trust Consideration or any Deferred Consideration due and payable as a result of a Further Advance being made by the Originator (subject to the satisfaction of the Replenishment Criteria), or (c) to the credit of the Principal Account pending acquisition of the beneficial interest in additional Included Loan Advances at a later date	II. (a) Administrative expenses; unpaid Administrative Expenses (b) taxes owing by the Issuer if any and (c) the Issuer Profit Amount
III. Fixed Payment due and payable to the Swap Provider		III. Fixed Payment (if any) due and payable to the Swap Provider and Swap Settlement Payments due to the Swap Provider if not already paid in full from Swap Replacement Receipts
IV. Swap Settlement Payments and, to the extent that any Swap Settlement Payments have been satisfied in full, Swap Replacement Payments		IV. the Class A Interest Payments then due and payable by the Issuer
V. Issuer's liability (if any) to tax		V. redemption of the Class A Notes
VI. Class A Interest Payments then due and payable by the Issuer on the Class A Notes		VI. (a) the Class B Interest Payments then due and payable
VII. payment to the redemption of the Class A Notes to the extent necessary to cause the Class A Overcollateralisation Test to be met if recalculated following such	III. redemption of (a) the Class A Notes; and (b) the Class B Notes;	
	IV. redemption of the	

	payment	Class S Notes	by the Issuer on the Class B Notes; and (b) any Previous Period Interest then due and payable on the Class B Notes
VIII.	(a) Class B Interest Payments then due and payable by the Issuer on the Class B Notes; (b) Previous Interest then due and payable by the Issuer on the Class B Notes		
IX.	redemption of the Class B Notes to the extent necessary to cause the Class B Overcollateralisation Test to be met if recalculated following such payment	VII.	redemption of the Class B Notes
X.	any Note Trustee Fees and Expenses that remain unpaid pursuant to paragraph (1.) above	VIII.	any Defaulted Swap Settlement Payment due and any costs due to the Swap Provider with respect thereto and not satisfied out of the Swap Replacement Receipts
XI.	any Administrative Expenses that remain unpaid pursuant to paragraph (2.) above including, without limitation any amount representing VAT chargeable in respect of the fees payable to the Collateral Administrator and the Cash Administrator to the extent the rate of VAT exceeds 20%	IX.	any remaining proceeds, in or towards payments in respect of the Class S Notes
XII.	Defaulted Swap Settlement Payment due and any costs due to the Swap Provider with respect thereto and not already paid in full from Swap Replacement Receipts		
XIII.	Class S Interest Payments then due and payable by the Issuer on the Class S Notes		

General Credit Structure

The general credit structure of the Transaction includes, broadly speaking, the following elements:

(a) ***Credit Support:***

- ***Subordination:***

Class B Notes rank, in terms of payments of principal and interest to be made to them, lower than Class A Notes thereby providing credit support to the Class A Notes; and Class S Notes rank, in terms of payments of principal and interest to be made to them, lower than the Notes ranking higher than the Class S Notes thereby providing credit support to the Rated Notes.

On the basis of the Issuer's performance expectations for the Included Loans Advances it is anticipated that, during the life of the Notes, the interest to be paid by Borrowers on the Included Loans Advances will be sufficient so that the Available Revenue Funds will be available to pay the amounts payable under items (i) to (viii) of the Pre-Enforcement Revenue Payments Priorities. The actual amount of any excess will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Included Loans Advances in the Portfolio and the performance of the Portfolio.

(b) ***Liquidity Support:***

- The Issuer may utilise Principal Proceeds to cover revenue shortfalls. Payments of interest and principal in respect of the Class B Notes are subordinated to the Class A Notes. For further information on the priority of payments and the priority of fees, expenses and other liabilities, see "*Terms and Conditions of the Notes – Condition 7 (Priorities of Payments)*".

(c) ***Hedging:***

- Availability of an interest rate swap provided by the Swap Provider to hedge against the possible variance between the variable rates of interest payable on the Included Loan Advances in the Portfolio and the dates on which those rates are set and interest payable in respect of the Notes, which is based on three-month Sterling LIBOR, set on the relevant LIBOR Determination Date. See section entitled "*Hedging Arrangements*" for further details.

Bank Accounts and Cash Administration

Collections of revenue and principal in respect of the Included Loan Advances in the Portfolio are received by the Originator in the Collection Accounts. The Originator (and, where relevant, the Cash Administrator) is obliged to transfer collections in respect of the Included Loan Advances in the Portfolio to the Interest Account, in respect of Interest Receipts, and to the Principal Account, in respect of Principal Receipts, by a daily sweep of all amounts expected to be received on such date. On each Monthly Reconciliation Date, the Cash Administrator (on behalf of the Originator) will determine the amounts actually received and compare these to the amounts transferred to the Interest Account and the Principal Account during the preceding Monthly Period. The Cash Administrator will then make a Reconciliation Adjustment to ensure the actual amounts in respect of Interest Receipts and Principal Receipts are standing,

respectively, to the credit of the Interest Account and Principal Account. On or prior to each Payment Date, amounts will be transferred by the Cash Administrator from the Interest Account and the Principal Account to be applied in accordance with the relevant Priorities of Payments.

**Summary of key
Swap Terms**

The interest rate swap has the following key commercial terms:

- Swap Provider Notional Amount: balance guaranteed to the outstanding principal amount of the Class A Notes and the Class B Notes as such amount may be reduced in accordance with the terms of the Swap Confirmation
- Issuer payment: Fixed Payment
- Swap Provider payment: Floating Payment
- Frequency of payment: quarterly

TRIGGERS TABLES

Rating Triggers Table

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following</u>
Swap Provider:	<p>Long-term issuer credit rating of at least "BBB" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-2" by S&P) ("Initial S&P Required Rating").</p> <p>If none of the Swap Provider or its assignee or its Credit Support Provider (under the terms of the Swap Agreement) or its guarantor has the Initial S&P Required Rating this gives rise to a breach of the trigger.</p>	<ul style="list-style-type: none"> • collateral posting by Swap Provider, or • transfer by the Swap Provider of its rights and obligations under the Swap Agreement to a replacement third party which is an Eligible Replacement (as defined in the Swap Agreement), or • procuring a co-obligor or guarantor (which has at least the Initial S&P Required Rating) of the Swap Provider's obligations under the Swap Agreement, or • take such other action (or inaction) as will result in the rating of the Class A Notes and Class B Notes then outstanding following the taking of such action (or inaction) being maintained at or restored to at least the level it was at immediately prior to such trigger breach, <p style="text-align: center;">in each case in accordance with the terms of the Swap Agreement.</p>
	<p>Long-term issuer credit rating of at least "BBB-" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-3" by S&P) ("Subsequent S&P Required Rating").</p> <p>If none of the Swap Provider or its assignee or its Credit Support Provider (under the terms of the Swap Agreement) or its guarantor has the Subsequent S&P Required Rating this gives rise to a breach of the trigger.</p>	<p>Swap Provider to continue to post collateral, and use commercially reasonable efforts to take one of the following actions:</p> <ul style="list-style-type: none"> • transfer by the Swap Provider of its rights and obligations under the Swap Agreement to a replacement third party which is an Eligible Replacement (as defined in the Swap Agreement), or • procuring a co-obligor or guarantor (which has the Subsequent Required Rating) of the Swap Provider's obligations under the Swap Agreement, or

- take such other action (or inaction) as will result in the rating of the Rated Notes then outstanding following the taking of such action (or inaction) being maintained at or restored to at least the level it was at immediately prior to such trigger breach,

in each case in accordance with the terms of the Swap Agreement.

If neither the Swap Provider nor any guarantor (under an Eligible Guarantee as set out under the terms of the Swap Agreement) of its present and future obligations under the Swap Agreement has long term senior unsecured debt rating "Baa2" or above by Moody's this gives rise to a breach of the Qualifying Collateral Trigger Rating.

On breach of the Qualifying Collateral Trigger Rating, if the Swap Provider has not obtained a rating agency confirmation from Moody's on each relevant occasion or if the terms of any such rating agency confirmation from Moody's are subsequently breached, then after 30 Business Days the Swap Provider shall be obliged to post collateral in accordance with the terms of the Credit Support Annex.

Long-term senior unsecured debt rating of at least "Baa2" by Moody's ("**Qualifying Collateral Trigger Rating**").

On breach of the Qualifying Transfer Trigger Rating, use commercially reasonable efforts as soon as reasonably practicable to:

Long-term senior unsecured debt rating of at least "Baa3" by Moody's ("**Qualifying Transfer Trigger Rating**").

- procure an Eligible Guarantee (as defined in the Swap Agreement) in respect of all its present and future obligations under the Swap Agreement from a guarantor with a Qualifying Transfer Trigger Rating

If neither the Swap Provider nor any guarantor (under an Eligible Guarantee as set out under the terms of the Swap Agreement) of its present and future obligations under the Swap Agreement has long term senior unsecured rating of "Baa3" or above by Moody's this gives rise to a breach of the Qualifying Transfer Trigger Rating.

- transfer its rights and obligations under the Swap Agreement to an Eligible Replacement (as defined in the Swap Agreement)

Collection Account Bank:

Long-term issuer credit rating of at least "BB+" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-3" by S&P), or such other ratings that are consistent with the published criteria of each Rating Agency ("**Collection Account Bank Required Rating**").

Breach of the Collection Account Bank Required Rating leads to the Issuer, with the consent of the Note Trustee, being required to use reasonable endeavours to procure (i) that a replacement Collection Account Bank, satisfying the Collection Account Bank Required Rating is appointed to act as Collection Account Bank or (ii) arrange for a guarantor of the Collection Account Bank rated at least the Collection Account Bank Required Rating, in each case within 60 calendar days.

Issuer Account Bank:

(i) A long-term issuer credit rating of at least "BBB-" by S&P (or, where no

Breach of the Issuer Account Bank Required Rating leads to the Issuer

long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-3" by S&P) and (ii) a long-term senior unsecured debt rating of at least "Baa3" by Moody's, or in each case such other ratings that are consistent with the published criteria of each Rating Agency ("**Issuer Account Bank Required Rating**").

being required to use reasonable efforts to (i) designate a substitute Issuer Account and transfer all funds standing to the credit of the Issuer Account in respect of Included Loan Advances to such substitute Issuer Account or (ii) arrange for a guarantor of the Issuer Account Bank rated at least the Issuer Account Bank Required Rating, in each case within 60 calendar days.

Originator:

(i) A long-term issuer credit rating of at least "BBB" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-2" by S&P) and (ii) a long-term senior unsecured debt rating of at least "Baa2" by Moody's, or in each case such other ratings that are consistent with the published criteria of each Rating Agency.

Right to exercise Call Option.

Non-Rating Triggers Table

<u>Nature of Trigger</u>	<u>Description of Trigger</u>	<u>Consequence of Trigger</u>
Termination of appointment of Collateral Administrator and/or the Cash Administrator	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> <li data-bbox="624 416 986 1238">(i) a default by the Collateral Administrator or the Cash Administrator (as appropriate) in ensuring the payment on the due date of any payment required to be made by it under the Administration Agreement and such default not being remedied during the specified cure period (other than to the extent such default is due to (a) a technical or administrative default over which the Collateral Administrator or the Cash Administrator has no control or (b) any default by the Issuer, the Originator or a third party (including any Swap Provider)); <li data-bbox="624 1267 986 1603">(ii) the Collateral Administrator's or the Cash Administrator's (as appropriate) wilful default, bad faith, gross negligence, or fraud in the performance of or material breach of its obligations under the Administration Agreement; <li data-bbox="624 1632 986 1937">(iii) it is or will become unlawful for the Collateral Administrator or the Cash Administrator (as appropriate) to perform or comply with any of its obligations under the Transaction Documents; 	Termination of appointment of Collateral Administrators and/or Cash Administrators

Nature of Trigger**Description of Trigger****Consequence of Trigger**

- (iv) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Administrator or Cash Administrator (as appropriate) in or pursuant to the Administration Agreement to be correct in any material respect when made and, if capable of remedy, the Collateral Administrator or Cash Administrator (as appropriate) fails (within 30 days of the Collateral Administrator or Cash Administrator (as appropriate) discovering, or being notified of, such error, whichever occurs first) to take such action so that such representation, warranty, certification or statement (after giving effect to such action) is correct in all material respects to the reasonable satisfaction of the Issuer or, as applicable, (following the service of an Acceleration Notice) the Note Trustee;

Nature of Trigger	Description of Trigger	Consequence of Trigger
	<p>(v) the Collateral Administrator or the Cash Administrator (as appropriate) being prevented or severely hindered for a period of 60 days or more from complying with its obligations as a result of force majeure and the force majeure continues for 30 calendar days after the Issuer has given notice of the force majeure; or</p> <p>(vi) any Insolvency Event occurs in respect of the Collateral Administrator or the Cash Administrator (as appropriate).</p>	

FEES

The following table sets out the on-going fees to be paid by the Issuer to the Transaction Parties

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Cash Administration Fees	The product of (A) 0.01% and (B) the sum of the daily ending balance of the Funded Aggregate Principal Balance on each day in the period divided by the number of days in such period (inclusive of any VAT up to the rate of 20%)	Ahead of all Outstanding Notes	On each Payment Date in accordance with the Priority of Payments
Servicing/Collateral Administration Fees	The product of (A) 0.14% and (B) the sum of the daily ending balance of the Funded Aggregate Principal Balance on each day in the period divided by the number of days in such period (inclusive of any VAT up to the rate of 20%)	Ahead of all Outstanding Notes	On each Payment Date in accordance with the Priority of Payments
Other fees and expenses of the Issuer	Estimated at £90,000 each year (exclusive of VAT)	Ahead of all Outstanding Notes	On each Payment Date in accordance with the Priority of Payments

DESCRIPTION OF THE ORIGINATOR, THE ORIGINATOR BENEFICIARY, THE LOANS TRUSTEE, THE ISSUER ACCOUNT BANK, THE CASH ADMINISTRATOR, THE COLLATERAL ADMINISTRATOR AND THE SWAP PROVIDER

Lloyds Bank plc ("**Lloyds Bank**"), formerly Lloyds TSB Bank plc, was incorporated under the laws of England and Wales on 20 April 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 Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the PRA. Lloyds Bank is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, "**Lloyds Banking Group**").

Overview

Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to individual and business customers. The businesses of Lloyds Banking Group are in or owned by Lloyds Bank. Lloyds Banking Group owns Lloyds Bank directly which in turn owns HBOS plc directly.

Business and activities

As at 30 June 2014, Lloyds Banking Group's activities were organised into four principal reporting segments: Retail; Commercial Banking; Consumer Finance; and Insurance. These changes were implemented from January 1 2014 and were first reported to the market in July 2014.

Retail

Retail offers a broad range of financial service products including current accounts, savings, personal loans and mortgages, in the UK to retail customers, and now incorporates wealth and small business customers. It is also a distributor of insurance, protection and credit card, and through Wealth, a range of long-term savings and investment products.

With its strong stable of brands including Lloyds Bank, Halifax and Bank of Scotland it serves over 30 million customers through the largest branch network in the UK and comprehensive digital, telephone and mobile services.

Commercial Banking

The Commercial Banking division supports Lloyds Banking Group's business clients from small businesses to large corporates with a range of propositions fully segmented according to client needs. The division operates a client centric approach, primarily focused on UK and UK-linked businesses, with client segments comprising SME, Mid Markets, Global Corporates and Financial Institutions.

Consumer Finance

The Consumer Finance division comprises the Issuer's consumer and corporate Credit Card businesses, along with the Black Horse motor financing and Lex Autolease car leasing businesses in Asset Finance. The Group's European deposits and Dutch retail mortgage businesses are managed within Asset Finance.

Insurance

The Insurance division is focused on four key markets: Corporate Pensions, Protection, Retirement and Home Insurance, to enable our customers to protect themselves today and prepare for a secure financial future.

Regulatory Matters

In the course of its business, Lloyds Banking Group is engaged in discussions with the FCA, the PRA or other regulators in relation to a range of matters; a provision is held against the costs expected to be incurred as a result of the conclusions reached. In the first half of 2014 the provision was increased by a further £225 million, in respect of a limited number of matters affecting the Retail division, including potential remediation in relation to legacy sales of investment and protection products and historic systems and controls governing legacy incentive schemes. This brings the total amount charged to £525

million of which £117 million had been utilised at 30 June 2014. This increase reflected the Group's assessment of a limited number of matters under discussion, none of which currently is individually considered financially material in the context of Lloyds Banking Group.

Availability of Public Information

Additional information, including copies of the most recent publicly available financial results of Lloyds Bank and Lloyds Banking 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.

DESCRIPTION OF THE NOTE TRUSTEE

Deutsche Trustee Company Limited ("**DTCL**") will be appointed as the Note Trustee to the Issuer pursuant to the Note Trust Deed and will act in such capacities through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

DTCL is an English company registered under company number 338230 authorised and regulated by the FCA. DTCL is a trust corporation and acts as trustee for Eurobond issues, other forms of complex financing structures and loan capital issues. DTCL has an authorised share capital of £5,150,000 and is wholly-owned by its ultimate parent Deutsche Bank AG.

The delivery of this prospectus shall not create any implication that there has been no change in the affairs of DTCL since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

DESCRIPTION OF THE AGENT BANK AND THE PAYING AGENT

DEUTSCHE BANK AKTIENGESELLSCHAFT

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**" or the "**Bank**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**").

"**Deutsche Bank AG London**" is the London branch of Deutsche Bank AG. On 12 January 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

As of 31 March 2014, Deutsche Bank's subscribed capital amounted to Euro 2,609,919,078.40 consisting of 1,019,499,640 ordinary shares without par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all German Stock Exchanges. They are also listed on the New York Stock Exchange.

As of 31 March 2014, Deutsche Bank Group had total assets of Euro 1,636,574 million, total liabilities of Euro 1,580,557 million, and total equity of Euro 56,017 million on the basis of International Financial Reporting Standards (unaudited).

Deutsche Bank's long-term senior debt has been assigned a rating of A (outlook negative) by Standard & Poor's, A3 (outlook negative) by Moody's Investors Service and A+ (outlook negative) by Fitch Ratings.

The delivery of this prospectus shall not create any implication that there has been no change in the affairs of Deutsche Bank since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

DESCRIPTION OF THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 11 September 2014 (registered number 9214984) as a public limited company under the Companies Acts 2006 (as amended). The registered office of the Issuer is 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is + 44 (0)207 398 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, 49,999 of which are partly-paid up in cash as to 25p each and one of which is fully paid up to £1.00. All of the shares of the Issuer are beneficially owned by Holdings (see "*Description of Holdings*" below).

The rights of Holdings as shareholder of the Issuer are contained in the articles of association of the Issuer. Holdings will comply with the articles of association of the Issuer and English law in exercising its rights as shareholder.

The Issuer has no subsidiaries. The Originator does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing the Notes. The activities of the Issuer will be restricted by its articles of association and the Transaction Documents and will be limited to the issues of the Notes, the exercise of related rights and powers and other activities referred to herein or reasonably incidental thereto.

Under the Companies Act 2006 (as amended), the Issuer's governing documents may be altered by a special resolution of shareholders.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide to the Issuer, directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and a company secretary. No other remuneration is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

The Issuer has not engaged, since its incorporation, in any material activities other than changing its name and those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and the authorisation and implementation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. As at the date of this Prospectus, no statutory accounts have been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2015.

Directors

The directors of the Issuer and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
SFM Directors Limited.....	35 Great St. Helen's, London EC3A 6AP	Corporate Director
SFM Directors (No.2) Limited....	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director

The directors of SFM Directors Limited and SFM Directors (No.2) Limited and their principal activities are as follows:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Jonathan Keighley	35 Great St. Helen's, London EC3A 6AP	Director
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker.....	35 Great St. Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's, London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director

The company secretary of the Issuer is SFM Corporate Services Limited whose registered office is at 35 Great St. Helen's, London EC3A 6AP.

There are no conflicts of interest between any duties to the Issuer of its directors and their private interests or duties.

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus. There has been no material change in the capitalisation, indebtedness or contingent liabilities or guarantees since the date of incorporation of the Issuer.

As at the date of this Prospectus, the Issuer has not commenced operations and no financial statements have been produced by the Issuer.

DESCRIPTION OF HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 5 September 2014 (registered number 9206480) as a private limited company under the Companies Acts 2006 (as amended). The registered office of Holdings is 35 Great St. Helen's, London EC3A 6AP. The issued share capital of Holdings comprises one ordinary share of £1.00. SFM Corporate Services Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share on trust under a discretionary trust for one or more discretionary purposes. Neither the Originator nor any company connected with the Originator can direct the Share Trustee and no such company has any control, direct or indirect, over Holdings or the Issuer. Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

Holdings has not engaged since its incorporation in any material activities other than changing its name and those activities incidental to the authorisation and implementation of the Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

Directors

The directors of Holdings and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
SFM Directors Limited.....	35 Great St. Helen's, London EC3A 6AP	Corporate Director
SFM Directors (No. 2) Limited ...	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director

The directors of SFM Directors Limited and SFM Directors (No.2) Limited and their respective occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Jonathan Keighley	35 Great St. Helen's, London EC3A 6AP	Director
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker.....	35 Great St. Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's, London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director

The company secretary of Holdings is SFM Corporate Services Limited whose registered office is at 35 Great St. Helen's, London EC3A 6AP.

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2015.

Holdings has no employees.

THE PORTFOLIO

Introduction

Pursuant to the Originator Trust Deed, the Originator will declare a trust over a Portfolio which consists of Included Loan Advances, any Related Security and any Related Enforcement Proceeds as described below in the section "*The Loans Trust*". On any Business Day during the Replenishment Period, additional loan advances may be added to the Portfolio subject to the satisfaction of the Eligibility Criteria, Portfolio Criteria and Replenishment Criteria. Following the expiry of the Replenishment Period, the Portfolio will be static and no additional advances will be included in the Portfolio other than any changes resulting from permitted reacquisitions or other dealings with the Loans Trust Property.

The Portfolio will include the Included Loan Advances, some of which Included Loan Advances may be Revolving Obligations or Delayed Draw Obligations, any Related Security and any Related Enforcement Proceeds. On the Issue Date the Portfolio shall constitute:

- (a) the Sterling Term Loans;
- (b) the Funded Amounts and Unfunded Amounts of Sterling Delayed Draw Obligations and Sterling Revolving Obligations (including any Further Advances in relation to such obligations);
- (c) the Sterling Funded Amounts of Multi-Currency Obligations; and
- (d) any Sterling Further Advance in respect of a Multi-Currency Delayed Draw Obligations or Multi-Currency Revolving Obligation,

and any Related Security and the Related Enforcement Proceeds.

To the extent that any Obligor requests a further drawing in respect of a Sterling Delayed Draw Obligation and the Originator makes such advance, such Further Advance will automatically form part of the Loans Trust Property on the Addition Date.

To the extent that any Obligor requests a Sterling Further Advance in respect of a Multi-Currency Delayed Draw Obligation and the Originator makes such advance, it will automatically form part of the Loans Trust Property on the Addition Date. If the further advance (in respect of a Multi-Currency Obligation) is in a currency other than Sterling then such further advance will not form part of the Loans Trust Property.

On any day on which an Obligor (a) repays a principal amount in respect of a Sterling Revolving Obligation which is an Included Loan Advance and (b) does not immediately re-draw a principal amount in Sterling in respect of such Revolving Obligation on that same day, such Collections received by the Originator from such Obligor shall, for the purposes of the Loans Trust and in accordance with the Originator Trust Deed, reduce by an amount equal to such Collections, the total principal amount outstanding of such Revolving Obligations as of such day of receipt.

In the event that, at a later date, further draw down(s) under such Revolving Obligation are made by the relevant Obligor to the extent that such Revolving Obligation is a Sterling Revolving Obligation, any such Further Advance will automatically form part of the Loans Trust Property and shall be funded in the same way as Sterling Further Advances (see paragraphs above relating to Further Advances).

In the event that, at a later date, further draw down(s) under such Revolving Obligations which are Multi-Currency Revolving Obligations are made by the relevant Obligor in Sterling, such further draw down(s) will be treated as Sterling Further Advance(s) and any such Sterling Further Advance will automatically form part of the Loans Trust Property and shall be funded in the same way as Sterling Further Advances in respect of Multi-Currency Delayed Draw Obligations. Any further advances in a currency other than Sterling will not form part of the Loans Trust Property.

Description of the Portfolio

Pursuant to the Originator Trust Deed the Issuer will acquire a fixed undivided 99 per cent. beneficial interest in the trust declared over the Included Loan Advances with a Funded Aggregate Principal Balance of £3,200,000,000, any Related Security and any Related Enforcement Proceeds on the Issue

Date (the "**Initial Portfolio**"). As of the Issue Measurement Date, each Included Loan Advance included in the Initial Portfolio, or as appropriate, the Portfolio as a whole will satisfy the Eligibility Criteria set out below.

The Included Loan Advances were selected from a portfolio of loans granted to medium-sized enterprises and corporate borrowers in an Eligible Country. The Included Loan Advances are originated by Lloyds Bank plc in the normal course of its business.

The Initial Portfolio has characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes.

Portfolio Selection

On the Issue Measurement Date the Initial Loans Trust Property is expected to be comprised of £3,200,000,000 Included Loan Advances to 88 Obligor.

The underlying Obligor in the Transaction are medium-sized enterprise and corporate borrowers (each an "**Obligor**" and collectively the "**Obligors**").

As at the Issue Date each Obligor has been assigned an S&P Rating and Moody's Rating.

Key Features of the Initial Loans Trust Property

Certain characteristics of the Initial Loans Trust Property set forth below refer to the composition of the portfolio as at the Issue Measurement Date. The composition of the Portfolio will vary over time in accordance with the replenishment procedures set out in this Prospectus and as a result, the characteristics of the Initial Loans Trust Property set forth below are not necessarily indicative of the characteristics of the Portfolio at any subsequent time.

As of the Issue Measurement Date, the Initial Loans Trust Property had the following characteristics:

Summary			
Cut-off Date			31/08/2014
Funded Aggregate Principal Balance			3,200,000,000
Number of Obligors			88
No of Included Loan Advances			112
CCY			GBP
WA CMS Rating			9.5
WA Remaining Term (yrs)			2.4
	Weighted Avg	Min	Max
Outstanding Principal Balance	51,912,775	825,000	145,056,086
Year of Origination	13-Aug-2013	08-Dec-2009	29-Aug-2014
Maturity	11-May-2017	31-Jan-2015	01-Aug-2019
Borrower concentration	55,879,815	1,188,000	145,056,086
	1st largest	2nd largest	3rd largest
S&P Industry Concentration	19.20%	19.00%	11.30%
Moody's Industry Concentration	17.20%	10.90%	10.80%

Concentration of Loans

Lower	Upper	Number of Advances	Total Amount	%
–	10,000,000	26	153,161,584	4.8%
10,000,000	20,000,000	27	392,607,038	12.3%
20,000,000	30,000,000	20	508,658,164	15.9%
30,000,000	40,000,000	14	499,660,393	15.6%
40,000,000	50,000,000	7	308,456,347	9.6%
50,000,000	60,000,000	11	629,956,682	19.7%
60,000,000	70,000,000	2	127,875,330	4.0%
70,000,000	80,000,000	–	–	0.0%
80,000,000	90,000,000	–	–	0.0%
90,000,000	100,000,000	3	289,512,289	9.0%
100,000,000	150,000,000	2	290,112,173	9.1%
150,000,000	200,000,000	–	–	0.0%
200,000,000	250,000,000	–	–	0.0%

Lower	Upper	Number of Advances	Total Amount	%
250,000,000	500,000,000	–	–	0.0%
250,000,000	750,000,000	–	–	0.0%
Grand Total		112	3,200,000,000	100.0%

Exposure by legal final remaining term (scheduled) to maturity

Lower (yrs)	Upper (yrs)	Number of Advances	Total Amount	%
–	1	11	662,237,372	20.7%
1	2	15	375,811,176	11.7%
2	5	86	2,161,951,452	67.6%
5	10	–	–	0.0%
10	15	–	–	0.0%
15	20	–	–	0.0%
Grand Total		112	3,200,000,000	100.0%

Exposure by internal rating

Internal Rating	Number	Amount	%
1	–	–	0.0%
2	–	–	0.0%
3	–	–	0.0%
4	1	145,056,086	4.5%
5	–	–	0.0%
6	2	105,187,500	3.3%
7	6	353,418,455	11.0%
8	11	256,479,852	8.0%
9	17	578,985,548	18.1%
10	18	632,842,422	19.8%
11	12	440,663,396	13.8%
12	15	521,927,100	16.3%
13	5	138,359,170	4.3%
14	1	27,080,470	0.8%
15	–	–	0.0%
16	–	–	0.0%
17	–	–	0.0%
18	–	–	0.0%
19	–	–	0.0%
20	–	–	0.0%
Grand Total	88	3,200,000,000	100.0%

Exposure to S&P Industry Sectors

S&P Industry Sector	Total Amount	%
Aerospace & Defense	6,187,500	0.2%
Automotive	99,000,000	3.1%
Beverage & Tobacco	172,921,006	5.4%
Building & Development	612,840,205	19.2%
Business equipment & services	607,587,625	19.0%
Cable & satellite television	40,052,220	1.3%
Containers & glass products	58,022,435	1.8%
Ecological services & equipment	36,382,500	1.1%
Equipment leasing	91,512,289	2.9%
Financial intermediaries	171,301,907	5.4%
Health care	21,670,000	0.7%
Industrial equipment	3,044,250	0.1%
Leisure goods/activities/movies	16,133,333	0.5%
Lodging & casinos	362,640,216	11.3%
Nonferrous metals/minerals	2,633,400	0.1%
Oil & gas	175,422,869	5.5%
Publishing	2,970,000	0.1%
Radio & Television	20,365,714	0.6%
Retailers (except food & drug)	186,269,967	5.8%
Surface transport	152,554,044	4.8%
Telecommunications	61,875,000	1.9%
Utilities	298,613,521	9.3%

S&P Industry Sector	Total Amount	%
Grand Total	3,200,000,000	100.0%

Exposure to Moody's Industry Sectors

Moody's Industry Sector	Total Amount	%
Aerospace & Defense	28,066,500	0.9%
Automotive	125,894,942	3.9%
Banking	348,364,707	10.9%
Beverage, Food & Tobacco	226,374,278	7.1%
Capital Equipment	1,856,250	0.1%
Chemicals, Plastics, & Rubber	67,188,330	2.1%
Construction & Building	550,958,951	17.2%
Energy: Electricity	145,056,086	4.5%
Energy: Oil & Gas	214,312,575	6.7%
Environmental Industries	29,700,000	0.9%
Forest Products & Paper	111,156,468	3.5%
Healthcare & Pharmaceuticals	273,097,369	8.5%
High Tech Industries	39,600,000	1.2%
Hotel, Gaming & Leisure	346,843,735	10.8%
Media: Advertising, Printing & Publishing	56,181,684	1.8%
Media: Broadcasting & Subscription	23,948,571	0.7%
Media: Diversified & Production	36,469,362	1.1%
Metals & Mining	2,633,400	0.1%
Retail	141,716,667	4.4%
Services: Business	174,310,680	5.4%
Telecommunications	61,875,000	1.9%
Transportation: Cargo	156,939,444	4.9%
Utilities: Electric	26,235,000	0.8%
Utilities: Water	11,220,000	0.4%
Grand Total	3,200,000,000	100.0%

Governing Law

Each of the Included Loan Advances is governed by English law.

Eligibility Criteria

Each Included Loan Advance shall, on the Issue Date, be required to satisfy each of the eligibility criteria set out below (collectively, the "**Eligibility Criteria**" and each, an "**Eligibility Criterion**"):

1. Such Included Loan Advance was selected from a portfolio of loans to Medium-Sized Enterprises and Corporate Borrowers originated by the Originator;
2. Each Obligor is rated by the Originator according to either the UQ PD Model or the PQ PD Model;
3. Each Included Loan Advance is either a Sterling Term Loan, a Sterling Delayed Draw Obligation (including any Further Advances made in respect of such obligations), a Sterling Revolving Obligation (including any Further Advances made in respect of such obligations), a Sterling Funded Amount of a Multi-Currency Obligation, a Sterling Further Advance in respect of a Multi-Currency Delayed Draw Obligation or Multi-Currency Revolving Obligation;
4. Each Included Loan Advance is a Senior Obligation of the relevant Obligor;
5. Each Obligor is incorporated, established or has its principal places of business in an Eligible Country;
6. Pursuant to the terms of each Loan Agreement each Included Loan Advance accrues interest which becomes due and payable on a periodic basis;
7. Each Included Loan Advance is denominated in Sterling;

8. The minimum Funded Aggregate Principal Balance of each Included Loan Advance is £500,000 for corporate borrowers and £100,000 for medium-sized enterprises;
9. The stated maturity of each Included Loan Advance under the relevant Loan Agreement is no later than the Note Maturity Date;
10. No Obligor is an Affiliate of the Originator;
11. No Included Loan Advance is a Defaulted Obligation;
12. If payments of interest under the Included Loan Advance are considered US-source interest or if the Included Loan Advance is "registration required", it is in registered form for US federal income tax purposes; and
13. Each Included Loan Advance is loan capital within the exemption conferred by section 79(4) of Finance Act 1986.

For the purposes of the Eligibility Criteria:

"Eligible Country" means (a) the UK; and (b), subject to Rating Agencies Confirmation, each of France, Germany, Belgium, The Netherlands, Luxembourg, Norway, Sweden, Italy, Finland, Spain, Switzerland, Denmark and Ireland; and

"Senior Obligation" means an Included Loan Advance that is an obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Originator in its reasonable business judgment.

Portfolio Criteria

The Included Loan Advances were selected from a portfolio of loans to medium-sized enterprises and corporate borrowers originated by Lloyds Bank plc in the normal course of its business. Each Obligor is a customer of the Originator.

The Portfolio shall, on each Measurement Date, be required to satisfy the following criteria to be calculated on the basis of the Funded Aggregate Principal Balance of the Portfolio (the **"Portfolio Criteria"** and each, a **"Portfolio Criterion"**):

1. that the sum of the Funded Aggregate Principal Balance of all Included Loan Advances that are not Defaulted Obligations shall not exceed the £3,200,000,000 less the Funded Aggregate Principal Balance in respect of all such Defaulted Obligations plus any amounts standing to the credit of the Principal Account (the **"Maximum Portfolio Balance"**) provided that the Maximum Portfolio Balance shall not exceed the Principal Amount Outstanding of the Notes;
2. that the sum of the Funded Aggregate Principal Balance of Included Loan Advances to all Obligors in respect of an Eligible Country (other than the UK) shall not exceed 10.0 per cent. of the Maximum Portfolio Balance;
3. that the sum of the Funded Aggregate Principal Balance of Included Loan Advances to any Obligor shall not exceed 5.0 per cent. (if publicly rated by a Rating Agency) or 2.0 per cent. (if not publicly rated by a Rating Agency), in each case of the Maximum Portfolio Balance;
4. that the sum of the Funded Aggregate Principal Balance of Included Loan Advances to any industry shall not exceed 25.0 per cent. (in respect of the largest industry by Moody's and S&P), 20.0 per cent. (in respect of the second largest industry by Moody's and S&P) or 12.5 per cent. (in respect of the third largest industry by Moody's and S&P), in each case of the Maximum Portfolio Balance;
5. that the sum of the Funded Aggregate Principal Balance of Included Loan Advances that are fixed rate loans shall not exceed 10.0 per cent. of the Maximum Portfolio Balance;
6. that the sum of the Funded Aggregate Principal Balance of the 10 largest Obligors shall not exceed 30% of the Maximum Portfolio Balance;

7. the number of Obligor in the Portfolio shall not be less than 50;
8. that the sum of the Funded Aggregate Principal Balance in relation to Obligor with a S&P Rating equal to or less than CCC+ or a Moody's Rating equal to or less than Caa1 shall not exceed 7.5% of the Maximum Portfolio Balance;
9. that the Weighted Average Rating of the Portfolio shall not be less than S&P Rating of BB+ or a Moody's Rating of Ba1 and
10. that the Weighted Average Life of the Portfolio shall not exceed 3.5 years.

For the purposes of the above criterion,

"Weighted Average Rating" means the weighted average of the relevant numerical representation of a rating (AAA = 1, AA+ = 2, AA = 3, etc for S&P) for the Included Loan Advances in the Portfolio calculated as the sum of, for each Included Loan Advance, the product of (a) the Funded Aggregate Principal Balance of such Included Loan Advance divided by the sum of the Funded Aggregate Principal Balance of all Included Loan Advances in the Portfolio, and (b) the numerical representation of the rating, as determined by the Collateral Administrator, for such Included Loan Advance.

Replenishment of the Portfolio

On any Business Day during the Replenishment Period, the Collateral Administrator (on behalf of the Issuer) may add additional Included Loan Advances to the Portfolio (by accepting the vesting of the beneficial interest in such additional Included Loan Advances on behalf of the Issuer) pursuant to the terms of the Administration Agreement and the Originator Trust Deed, subject to the satisfaction of the following criteria to be calculated on the basis of the Funded Aggregate Principal Balance of the Portfolio (the "**Replenishment Criteria**"):

1. the sum of the Funded Aggregate Principal Balance of all Included Loan Advances may not exceed the Maximum Portfolio Balance.
2. the Eligibility Criteria have been met by such additional Included Loan Advances on the Measurement Date.
3. the Portfolio Criteria must be satisfied following such replenishment **provided that**, to the extent that the Portfolio Criterion was already in breach prior to such replenishment as a result of amortisation or removal of an Included Loan Advance, such replenishment shall not cause the Portfolio Criterion to be breached further.
4. the Servicing Standards of the Originator must be complied with.
5. each Overcollateralisation Test must be satisfied following such replenishment.
6. the S&P CDO Monitor Test must be satisfied.
7. the S&P Minimum Weighted Average Recovery Rate Test must be satisfied.
8. the Weighted Average Life of the Portfolio shall not exceed 3.5 years.
9. the Moody's CDOROM Condition must be satisfied.

For the purposes of the above criterion,

"S&P CDO Monitor Test" means a test that will be satisfied on the Issue Date and thereafter during the Replenishment Period if, after the addition of any Available Loan Advance to the Loans Trust, the Class A Default Differential of the Proposed Portfolio is not negative, the Class B Default Differential of the Proposed Portfolio is not negative. The S&P CDO Monitor Test will be considered to be improved if the Class A Default Differential of the Proposed Portfolio is at least equal to the Class A Default Differential of the Current Portfolio, the Class B Default Differential of the Proposed Portfolio is at least equal to the Class B Default Differential of the Current Portfolio.

"Class A Break-Even Default Rate" means, as of any Measurement Date, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A Notes in full by the Note Maturity Date and the timely payment of interest on the Class A Notes. After the Issue Date, S&P will provide the Collateral Administrator with the Class A Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with recovery rates to be associated with such S&P CDO Monitor as selected by the Collateral Administrator in accordance with the definition of "S&P CDO Monitor Test" or any other recovery rates selected by Collateral Administrator from time to time.

"Class A Default Differential" means, as of any Measurement Date, the rate calculated by subtracting the Class A Scenario Default Rate at such time from the Class A Break-Even Default Rate at such time.

"Class A Scenario Default Rate" means, as of any Measurement Date, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "A-(sf)" on the Class A Notes, determined by the application of the S&P CDO Monitor at such time.

"Class B Break-Even Default Rate" means, as of any Measurement Date, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class B Notes in full by the Note Maturity Date and the timely payment of interest on the Class B Notes. After the Issue Date, S&P will provide the Collateral Administrator with the Class B Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with recovery rates to be associated with such S&P CDO Monitor as selected by the Collateral Administrator in accordance with the definition of "S&P CDO Monitor Test" or any other recovery rates selected by the Collateral Administrator from time to time.

"Class B Default Differential" means, as of any Measurement Date, the rate calculated by subtracting the Class B Scenario Default Rate at such time from the Class B Break-Even Default Rate at such time.

"Class B Scenario Default Rate" means, as of any Measurement Date, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "BBB(sf)" on the Class B Notes, determined by the application of the S&P CDO Monitor at such time.

"Current Portfolio" means, as of any Measurement Date, the portfolio of Included Loan Advances (measured at their Funded Aggregate Principal Balance) and Permitted Investments existing prior to the maturity or other disposition of an Included Loan Advance or a proposed reinvestment of Principal Proceeds in an Available Loan Advance, as the case may be, but after giving effect to any relevant sale of an Included Loan Advance.

"Proposed Portfolio" means, as of any Measurement Date, the portfolio of Included Loan Advances (measured at their Funded Aggregate Principal Balance) and Permitted Investments resulting from the sale, maturity or other disposition of an Included Loan Advance or a proposed reinvestment of Principal Proceeds in an Available Loan Advance, as the case may be.

"S&P CDO Monitor" means the dynamic, analytical computer model developed by S&P and used to estimate default risk of Included Loan Advances and provided to the Collateral Administrator on or before the Issue Date, as it may be modified by S&P from time to time. The CDO Monitor calculates the cumulative default rate of a pool of Included Loan Advances and Permitted Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the scenario default rate in respect of a Class of Notes, the CDO Monitor considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the portfolio and the

remaining weighted average maturity of the Included Loan Advances and Permitted Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Included Loan Advances and Permitted Investments.

"S&P Minimum Weighted Average Recovery Rate Test" means, on any Measurement Date, the test that will be satisfied on any Measurement Date from (and including) the Issue Date if the S&P Weighted Average Recovery Rate is greater than or equal to the percentage set out in the Administration Agreement based upon the relevant S&P Recovery Rate case chosen by the Collateral Administrator.

"S&P Recovery Rate" means, in respect of each Included Loan Advance, an S&P Recovery Rate determined in accordance with the Administration Agreement or as advised by S&P.

"S&P Weighted Average Recovery Rate" means, as of any Measurement Date, the number (expressed as a percentage) obtained by summing the products obtained by multiplying the Funded Aggregate Principal Balance of each Included Loan Advance by its S&P Recovery Rate, dividing such sum by the Funded Aggregate Principal Balance of all Included Loan Advances and rounding up to the nearest 0.1 per cent. For the purposes of determining the S&P Recovery Rate in respect of a Defaulted Obligation, an amount equal to the Funded Aggregate Principal Balance of such Defaulted Obligation multiplied by zero per cent.

"Hurdle MM" means 7 for the Class A Notes and 9 for the Class B Notes.

"Moody's CDOROM Condition" means, on any Measurement Date, a condition that is satisfied for each Class of Rated Notes if the Moody's Metric on such Measurement Date (taking into account the relevant Additional Loan Advance) and as determined by the Collateral Administrator using the Moody's Model, is less than or equal to the Hurdle MM for each Class of Rated Notes.

"Moody's Inputs" means inputs as described on the "Inputs Description" sheet of the Moody's Model and "Input No. {x}" means a Moody's Input as described on the "Inputs Description" sheet of the Moody's Model.

"Moody's Metric" or **"MM"** means a numerical equivalent of a rating deduced from the expected loss. The MM measure is time independent and all else being constant will not change over the life of the Notes. All MMs are output from the Moody's Model.

"Moody's Model" means the licensed Moody's CDOROM™ v2.12-2 in the form provided by Moody's, and as may be updated by Moody's from time to time and available on the Moody's website.

"Weighted Average Life" of each Included Loan Advance equals the number obtained by (A) computing the sum of the product obtained by multiplying (i) the Funded Aggregate Principal Balance due (or portion thereof) of each Included Loan Advance in the Portfolio by (ii) the remaining number of years (rounded to the nearest hundredth) until the Funded Aggregate Principal Balance of such Included Loan Advance is due; and dividing such sum by (B) the sum of the Funded Aggregate Principal Balance of the relevant Loan.

On each Measurement Date and until the Rated Notes have been redeemed in full, the Collateral Administrator shall use the "export" button of the CDOROM-export spreadsheet (the **CDOROM Results**) and send the relevant file to Moody's.

If the unrecovered amounts from any Defaulted Loans not repurchased or replaced by the Originator exceed 8% of the then current Funded Aggregate Principal Balance of the Portfolio, the Collateral Administrator must appoint an independent party or parties (such party or parties to be leading and reputable within matters similar to the transaction) as soon as reasonably practicable to carry out the following procedures:

- (i) verify that the Moody's Inputs for the latest run of Moody's Model have been correctly input by the Collateral Administrator into Moody's Model. Run Moody's Model and verify that the resulting Moody's Metric is below the Hurdle MM;

- (ii) if the result of (i) above does not pass the Hurdle MM, carry out the same procedure as in (i) above for previous runs of Moody's Model until a run which gives a result below the Hurdle MM is found;
- (iii) verify that the Replenishment Criteria were complied with as at the latest Addition Date; and
- (iv) verify that all Available Loans added to the Portfolio met the Eligibility Criteria as at the relevant Measurement Date.

Servicing of the Loans Trust Property

Pursuant to the Originator Trust Deed, the Originator has responsibility for servicing the Included Loan Advances it originated. The Originator's servicing obligation include, *inter alia*, maintaining the loan file in a location identified to the Issuer and taking all reasonable steps to preserve and maintain the loan file for the Issuer and to ensure the safekeeping of the loan file. The Originator will also collect in the Collection Accounts payments from Obligor under the Included Loans Advances, re-locate the Collection Accounts to a banking institution with the Collection Account Bank Required Rating in the event that the Collection Account Bank is downgraded to a rating below the Collection Account Bank Required Rating, pay the proceeds of all Included Loan Advances to the relevant Issuer Account in accordance with the provisions of the Transaction Documents, provide information to the Cash Administrator for the Investor Reports, notify the Issuer and the Cash Administrator of any material breaches of any of the Eligibility Criteria by the Originator.

Following a Power of Attorney Event, the Issuer or its delegate or agent may (a) take any action as is reasonably required to preserve, exercise and/or enforce any of the Originator's rights under or pursuant to the relevant Included Loan Advances and (b) take any action in relation to the Loans Trust Property as the Issuer (or its delegate or agent) reasonably considers necessary for the protection or enforcement of the Issuer's rights thereunder.

In the event that the Originator proposes to make a sale, disposal, sub-participation to a third party or reacquisition in relation to an Included Loan Advance or part thereof (as to which see "*The Loans Trust*" below), the Loans Trustee will procure that the Reacquisition Proceeds received from the Originator are transferred to the Issuer Beneficiary (corresponding to the Investor Interest) and the Originator Beneficiary (corresponding to the Originator Interest).

Promptly upon the due date for receipt in the relevant Collection Account of revenue receipts and principal receipts, the Cash Administrator on behalf of the Originator shall (a) identify such Collections, as relating to one or more Included Loan Advances (b) allocate such Collections between principal and interest and (c) transfer such amounts from the Collection Account to the relevant Issuer Account corresponding to the Investor Interest and the Originator Beneficiary corresponding to the Originator Interest. On each Monthly Reconciliation Date, the Cash Administrator on behalf of the Originator shall calculate any Reconciliation Amount and the proportion of such amount that is in respect of Principal Receipts and Revenue Receipts.

"Servicing Standards" means an obligation of the Originator, pursuant to the terms of the Originator Trust Deed, to

- (a) in the ordinary course of its business, acting as a prudent commercial lender, collect payments from Obligor under the relevant Included Loan Advances and continue to administer such Included Loan Advances in the same manner and with the standard of skill, care and diligence the Originator applies to its other loans to corporate Obligor, beneficially owned and administered by it, with a view to the timely collection of all sums due under each Included Loan Advance;
- (b) (i) comply with all applicable laws, rules, regulations and orders with respect to servicing and collection of the Included Loan Advances; (ii) exercise or enforce or refrain from exercising or enforcing its rights arising in respect of Included Loan Advances pursuant to the terms of the relevant Loan Agreement; (iii) agree to or refuse any amendment or waiver of the terms applicable to any Included Loan Advances; and (iv) at all times act in compliance with the terms of the relevant Loan Agreement, the provisions of the Originator Trust Deed and the other Transaction Documents;

- (c) refrain from taking any action, or omit to take any action, likely to impair the interest of the Beneficiaries in the Loans Trust Property or the value of any Included Loan Advances except any action or omission undertaken in accordance with the standards set out in (a) and (b) above shall not breach this paragraph (c); and
- (d) on the occurrence of an event of default under an Included Loan Advance, in the ordinary course of its business and acting as a prudent lender, ensure the maximisation of recovery of funds taking into account:
 - (i) the likelihood of recovery of amounts due in respect of that Included Loan Advance;
 - (ii) the timing of recovery; and
 - (iii) the costs of recovery,

in each case, in accordance with the terms of the relevant Loan Agreement in particular in relation to an Included Loan Advance which is a syndicated loan, in accordance with the provisions set out in the relevant Loan Agreement in relation to decision making and sharing between lenders.

Amendments to the maturity of Included Loan Advances

The Issuer (or the Collateral Administrator on its behalf) may only execute, enter into, agree to or vote in favour of any Maturity Amendment or any action having the effect of extending the maturity of an Included Loan Advance: (a) if such Maturity Amendment or action would not cause such Included Loan Advance to mature after the Note Maturity Date, (b) following the expiry of the Replenishment Period, the Weighted Average Life of the Portfolio shall not exceed the Weighted Average Life of the Portfolio immediately preceding such Maturity Amendment or action and (c) if the Moody's CDOROM Condition will be satisfied following such Maturity Amendment or any action. If the Issuer or the Collateral Administrator (acting on behalf of the Issuer) has not voted in favour of a Maturity Amendment which would contravene the requirements of this paragraph but the maturity has been extended, by way of scheme or arrangement or otherwise, the Issuer or the Collateral Administrator (acting on behalf of the Issuer) may, but shall not be required to, sell such Included Loan Advance, provided that in any event the Collateral Administrator shall dispose of such Included Loan Advance prior to the Note Maturity Date. Should any such Maturity Amendment or action result in the maturity of the Included Loan Advance extending beyond the Note Maturity Date, such Included Loan Advance will be disclosed to the Rating Agencies immediately following the date the Maturity Amendment or action took place and until such time as the Included Loan Advance is no longer included in the Portfolio.

"Maturity Amendment" means with respect to any Included Loan Advance, any waiver, modification, amendment or variance (other than in connection with an insolvency, bankruptcy, reorganisation, debt restructuring or workout of the Obligor thereof) that would extend the maturity of such Included Loan Advance. For the avoidance of doubt, a waiver, modification, amendment or variance that would extend the Included Loan Advance maturity of the credit facility of which an Included Loan Advance is part, but would not extend the maturity of the Included Loan Advance which constitutes Loan Trust Property, does not constitute a Maturity Amendment.

Origination of Global Corporates Loans

The credit policy of Lloyds Banking Group ("**LBG**") includes a framework through which LBG Global Corporates loans ("**GC Loans**") are originated (the "**GC Loans Origination Framework**"). The GC Loans Origination Framework is summarised below. Investors should be aware that the GC Loans Origination Framework is subject to change from time to time, and that the current GC Loans Origination Framework may differ from that which has been used to previously originate GC Loans. Investors should be aware that the majority, but not all, of the Reference Obligations which are being included in the Reference Portfolio on the Effective Date were originated under the current GC Loans Origination Framework. Where Reference Obligations were not originated using the GC Loans Origination Framework, they were originated using other lending practices and policies which were maintained by LBG or its forerunners at the associated point in time.

The Global Corporates ("**GC**") team is responsible for the overall management of corporate client relationships for clients with annual turnover above £750,000,000 (in certain circumstances, this threshold

may reduce to £500,000,000 turnover if a client is expected to meet a specified level of future turnover) ("**Corporate Borrowers**"), categorised across four speciality sector teams: natural resources, industrials & TMT, commercial real estate, and consumer services & entrepreneurs (the "**Speciality Teams**"). The GC Loans portfolio is diversified geographically, supporting UK connected clients based in the UK, North America, Asia / Australia & Europe. As at 31 July 2014 the GC Loans portfolio stood at approximately £30bn with clients from over 427 groups. It has been mandated by the LBG board that the Global Corporates client base should be around 75% investment grade and around 25% sub-investment grade and all new origination business should follow this distribution. Lending to GC clients by LBG is managed by the Speciality Teams, each of whom may operate sub-sector teams categorised by industry (each a "**Sub-Sector Team**"), when appropriate. Each Speciality Team and Sub-Sector Team within it is led by an industry head at managing director or director level who is responsible for its overall management. As at 31 July 2014, the GC team was made up of 92 UK, 16 Europe (non-UK), 31 North America and 2 Singapore-based banking professionals (including 31 relationship directors ("**Relationship Directors**") and 33 relationship managers ("**Relationship Managers**") (the "**GC Relationship Team**"). This approach seeks to ensure that the needs of the different sub-sector clients are met by industry specialists, strengthening the relationships LBG has built within each field.

The GC Relationship Team generally operates within the parameters set out in the LBG credit policy (as described below), which sets out the fundamental credit principles, disciplines and standards for business origination and the global management of credit risks within LBG (the "**LBG Credit Policy**"). In accordance with the LBG Credit Policy, the GC Relationship Team works with GC clients on both a direct and reverse enquiry basis to establish the requirements of prospective borrowers and to propose potential solutions across a wide range of available product sets.

As at the date of this Prospectus, LBG uses the following process when considering lending to prospective customers:

(a) Identification of lending need:

The majority of prospective borrowers in the GC business ("**Prospective GC Borrowers**") are existing clients of LBG and contact will be maintained through the relevant member of the GC Relationship Team. Through this on-going dialogue, borrowing needs are identified and discussions are held on the initial feasibility of the requirements of the Prospective GC Borrower.

(b) Initial Credit and Appetite Assessment:

Once a Prospective GC Borrower has been identified and a formal request has been made by the Prospective GC Borrower, it is the role of the GC Relationship Team (most notably the relevant Relationship Director or Relationship Manager and industry head within the Sub-Sector Team) to review the overall viability of the application from both a credit and returns perspective. Key factors in this early stage credit and appetite assessment include, *inter alia*; the rationale for the borrowing request and use of funds, the current financial position of the Prospective GC Borrower, the repayment ability of the Prospective GC Borrower and the overall potential risk/reward profile of the Prospective GC Borrower and the requested financing. Once this initial assessment has been undertaken, the GC Relationship Team will decide whether to take the new financing request through the formal pricing approval and credit sanctioning process.

In the case of complex transactions the specialist Capital Markets Loan Markets Team (the "**Loan Markets Team**") will also be engaged to support the GC Relationship Team with this early stage assessment and then support the business through the formal credit sanctioning process. The Loan Markets Team may look to circulate an Early Warning of Business ("**EWOB**") to the relevant coverage, portfolio management and credit teams to provide an early stage warning that a full application may follow shortly. This EWOB will provide high level details on the relationship and the potential limit increases that may be sought within the full credit application if the transaction progresses past Investment Committee (discussed below).

(c) Investment Committee:

Following a decision to progress at the Initial Credit and Appetite Assessment stage (as discussed above), the Relationship Director or Relationship Manager will put forward a formal application to seek approval of the pricing and associated returns for the proposed transaction. This

application will look at the current financing request both on a standalone basis as well as a constituent part of the wider relationship that LBG currently has with the Prospective GC Borrower. The application process is managed by a committee consisting of Portfolio Management and senior members of the GC Relationship Team (the latter being from a different sector team than the one the application originates from) (the "**Investment Committee**"). The Investment Committee can support, reject, or advise of a level (subject to any conditions) that they would be willing to support, the application. For the avoidance of doubt, Portfolio Management manages the Investment Committee and its decision making is independent from both credit and front Office approvals.

(d) Negotiation with the Prospective GC Borrower

If pricing and associated returns approval is received from the Investment Committee, the Relationship Director or Relationship Manager will re-engage with the Prospective GC Borrower around the outcome of the Investment Committee. This may be to confirm that the application as proposed has been approved in principle or it may be to discuss potential revisions to the proposal that have been agreed during the Investment Committee process. During this communication the Relationship Director or Relationship Manager will also confirm the Prospective GC Borrower's final borrowing requirements before seeking formal credit approval in order to enable the Relationship Director or Relationship Manager to issue a credit approved term sheet.

(e) Formal Credit Risk Application

A formal credit application is a combination of inputs from both the Relationship Director or Relationship Manager (as applicable) and the relevant sectorial credit analyst (a "**Credit Analyst**"). The Credit Analyst is part of a dedicated specialist credit team within the Risk division (the "**GC Industries Sectors Credit Team**") who are completely independent from the GC business line. The GC Industries Sectors Credit Team is a team of specialist industry specific credit professionals who are responsible for the analysis and preparation of credit applications for GC counterparties (including Prospective GC Borrowers). Sanctioning of credit applications is described below (see Sanctioning & Approval below).

Each credit application must demonstrate (1) a clear understanding of the relevant Prospective GC Borrower and the sector in which it operates, (2) an analysis of the risks associated with the facilities proposed and the contractual counterparties (whether the Prospective GC Borrower or otherwise), and (3) a review of the risk adjusted return. A paper produced by the LBG loan markets team will provide specific details in relation to potential syndication and distribution strategies should this be required or relevant.

The formal application document will include a full risk assessment which may include, but need not be limited to, an analysis of:

- I. The business environment and general economic outlook;
- II. Current and future business prospects;
- III. Management strengths and weaknesses;
- IV. Financial strength; including cashflow, profitability and balance sheet strength (including stress testing and downside analysis);
- V. The size and structure of proposed facilities and the fit with customer needs;
- VI. Account performance;
- VII. Compliance with policy requirements and portfolio or underwriting standards;
- VIII. Absolute revenues and risk adjusted rates of return; and
- IX. Environment and social risks

In addition to the analysis noted above, each Prospective GC Borrower will be assigned an Internal Credit Risk Rating during the application process. The assigning and calculation of this rating is discussed below.

(f) Internal Credit Risk Rating:

LBG assigns Corporate Master Scale ratings (the "**CMS Ratings**") for assessing the probability of default ("**PD**") of any given borrower. In order to determine a CMS Rating a multi-variant scorecard is used in accordance with the LBG Credit Policy.

Two internal LBG models are included within the scope of the transaction which are the unquoted PD model (the "**UQ PD Model**") and the publicly quoted PD model (the "**PQ PD Model**").

- I. **The UQ PD Model** – The UQ PD Model assigns PD ratings primarily to corporate firms that are not listed on a stock exchange, subject to certain exceptions when the PQ PD Model is not considered appropriate despite the relevant firm being listed (see below) in which case the UQ PD Model is used by default. The UQ PD Model is not used to rate specialised lending exposures to Sovereigns, banks, funds, insurers, Housing Associations, US Municipals, universities or further education colleges.
- II. **The PQ PD Model** – The PQ PD Model assigns PD ratings to firms that are listed (quoted) on a stock exchange for public trading. In certain circumstances, the PQ PD Model may not be considered appropriate, in which case the UQ PD Model may be used.

Based on the applicable model a CMS Rating is assigned to the Prospective GC Borrower. Once generated, the CMS Rating is incorporated into the Credit Analyst's formal credit application along with justification for the subjective inputs within the model. A CMS Rating override may be sought within the application, in which case a detailed commentary justifying the rationale for the override must be included within the application.

Once assigned, the initial CMS Rating is reviewed during the Portfolio Monitoring process (discussed below) and is subject to change based on those reviews and relevant events.

(g) Approval process and sanctioning:

LBG Credit Policy

The LBG Credit Policy is set at LBG Board level with the Commercial Banking executive committee setting the policy for LBG's commercial banking division ("Commercial Banking"), which must be in accordance with the LBG Credit Policy. Once LBG Credit Policy is set, it is translated into the fundamental credit criteria for Commercial Banking which the Relationship Directors and Relationship Managers utilise as the core principles for the Initial Credit and Appetite Assessment. These core principles include, *inter alia*, the requirement to lend funds based on cash flows, the requirement for two sources of repayment from any Prospective GC Borrower and specific controls around different jurisdictions. There are exceptions to compliance with the LBG Credit Policy, however, these require approval from the appropriate level credit officer or committee.

Sanctioning & Approval

Once the Formal Credit Risk Application (as discussed above) has been prepared it is submitted by the relevant Credit Analyst for formal sanctioning.

Once the application is submitted, it follows the appropriate sanctioning channel which is driven by a matrix outlining the required sanctioning level based on a sliding scale of CMS Rating versus financing limit. The applicable sanctioning level differs for (i) applications relating to annual credit reviews for existing GC clients of LBG or (ii) applications relating to new clients to LBG and/or material increases for existing clients to LBG (over 10% increase in counterparty limits), ensuring the latter receive additional scrutiny. Depending on the outcome of this channelling process, the application will either be routed towards (a) a specific credit officer (a

"GC Credit Officer") (credit authorities are delegated to GC Credit Officers via the chief risk officer and updated from time to time within the GC Industries Sectors Credit Team, and more senior and experienced GC Credit Officers are given more extensive credit authority) or (b) will be channelled to an appropriate credit committee for review and potential approval. There are credit committees with a range of sanctioning authorities, including the Commercial Banking Credit Committee (including two members of the Risk Division (as defined below) and one representative from Commercial Banking (who may not necessarily be from the GC team)) and the Executive Credit Approval Committee (including LBG's Chief Risk Officer and at least one other board member). If the application is sanctioned, the Relationship Director or Relationship Manager, as applicable, will receive a formal sanction (a "Formal Credit Sanction"). As part of the Formal Credit Sanction, revisions may be requested and made to the terms of the proposed lending.

Subsequent to the Formal Credit Sanction, the Prospective GC Borrower will be issued with indicative terms for the proposed lending which have been approved as part of the Formal Credit Sanction. Should the Prospective GC Borrower accept such terms, the relevant Relationship Director or Relationship Manager, as applicable, will instruct the relevant team to arrange for a facility agreement to be drafted and/or negotiated with the Prospective GC Borrower's legal counsel.

(h) **Signing and funding:**

Once all signed documentation in relation to a GC Loan has been received and all borrowing conditions precedent are met, the GC Loan may be drawn down into the GC client's account or transferred to the relevant Agent of the syndicate, as applicable.

Servicing of GC Loans

Customer & Portfolio Monitoring

As part of the Formal Credit Sanction process, loan covenants, conditions, reporting triggers, frequency and methods of monitoring (including the information to be received and frequency of its dissemination by LBG) may be set.

Relationship Directors or Relationship Managers, as applicable, and the GC Industry Sectors Credit Teams are jointly responsible for monitoring credit risk, ensuring that deterioration in the creditworthiness of the GC client or any other event that could expose LBG to increased risk is promptly identified. All GC clients are at a minimum formally reviewed (including their CMS Ratings) annually (unless, on an exceptional "authorised excess" basis, there may be more than 12 months between reviews for a particular GC client) in order for relevant information to be obtained. However, given the highly active nature of GC clients, the GC clients (including their CMS Ratings) may be reviewed more than once every 12 months as a result of various factors including but not limited to profit warnings, industry trends and increased limit requests.

With respect to formal monitoring and control of specific loan terms and conditions, the process is underpinned by a risk management framework. The framework includes electronic automated monitoring, monitoring adherence to facility terms and conditions, and a customer information and compliance assurance centre (which includes the electronic delivery of notice of third-party actions, such as legal judgements, corporate failures and charging of assets to third parties). Periodic reviews by internal audit take place to check compliance with credit risk controls and quality standards.

In addition to the above, a joint portfolio review occurs on a monthly basis, wherein the relevant Relationship Director or Relationship Manager, as applicable, and GC Credit Officer meet to discuss upcoming reviews for the month ahead alongside wider discussions around the sector and any changes in the overall credit landscape.

Turnaround & Recovery

All GC clients to which credit facilities are provided are allocated a Credit Risk Classification ("CRC") (which is independent of any rating derived from a ratings model) to help assess asset quality.

The CRC complements Commercial Banking's risk rating models by providing a consistent governance mechanism with the aim of (i) ensuring that senior management are advised, in a timely manner, of material problems in relation to individual GC clients that may, if uncorrected, give rise to concerns, such as in relation to probability of default, or potential sector issues which may not yet have impacted individual borrower ratings, and (ii) identifying whether risk of default has increased significantly.

The classifications are as follows:

- Good
- Special Mention
- Sub-Standard
- Stressed
- Doubtful
- Fail

All GC clients classified as Special Mention or Sub-Standard continue to be managed by the mainstream Relationship Directors or Relationship Manager, but will be subject to additional monitoring and reporting to Commercial Banking's risk division (the "**Risk Division**") through a combination of direct day-to-day contact and monthly Portfolio Review Committees. For those cases deemed Sub-Standard, additional support may be provided by the Business Support Unit ("**BSU**"), part of the Risk Division, which can provide specialist restructuring and turnaround insight and guidance.

For those GC clients who are classified as Special Mention, it is expected that such GC client will not stay in Special Mention for more than six months (and would either be downgraded to Sub-Standard or returned to Good). For those classified as Sub-Standard it is expected that within three months they will either be passed to the full control of BSU (by being downgraded to Stressed or Doubtful) or returned to either Special Mention or Good. A transfer to BSU may be proposed at any time and movement through the categories may not be sequential.

When a GC client is classified as Stressed or Doubtful, BSU will develop an appropriate strategy to protect LBG's capital by, wherever achievable, working consensually with the GC client to try and resolve the issues, to restore the business to a financially viable position and facilitate a business turnaround, ideally within a two year time frame. In the event that insolvency proceedings or other enforcement of security becomes necessary, the relationship with the GC client may be transferred to Recoveries Commercial Banking ("**RCB**") who will manage the interactions between LBG and the administrator/receivers and a Fail CRC will be allocated.

Origination of Mid Market Loans

The credit policy of Lloyds Banking Group ("**LBG**") includes a framework through which LBG Mid Market loans ("**MM Loans**") are originated. This framework is summarised below. Investors should be aware that this origination framework is subject to change from time to time, and that the current origination framework may differ from that which has been used to previously originate MM Loans. Investors should also be aware that not all of the Reference Obligations which are being included in the Reference Portfolio on the Effective Date or which constitute Eligible Replenishment Obligations were originated under the current origination framework. Where Reference Obligations were not originated using current practices, they were originated using other lending practices and policies which were maintained by LBG or its forerunners at the associated point in time.

Mid Markets ("**MM**") is responsible for the overall management of corporate client relationships. The portfolios are diversified geographically, operating across the UK serving trading businesses with turnover of £25m - £750m ("**Medium-Sized Enterprises**") and education, communities, governments and social housing. As at 28th September 2014 the MM Loans portfolio stood at approximately £33bn with over 4500 clients.

The MM Relationship Team operates within the parameters set out in LBG credit policy ("**Credit Policy**") which sets out the fundamental credit principles, disciplines and standards for business

origination and the management of credit risks within LBG. In accordance with such policies, the MM Relationship Team engages with MM clients on both a direct and reverse enquiry basis to establish the requirements of prospective borrowers and to arrange and structure either bilateral or syndicated lending facilities.

As at the date of this Prospectus, LBG uses the following process when considering lending to prospective customers:

(a) *Identification of lending need:*

The majority of prospective borrowers in the MM business ("**Prospective MM Borrowers**") are existing clients of LBG and regular contact will be maintained through the relevant member of the Mid Markets Relationship Team. Following an assessment of any proposed borrowing by a Prospective MM Borrower through both credit and economic / capital returns models and separate/independent analysis the relevant lending entity within LBG will inform such Prospective MM Borrower of the appetite to lend and the terms of the proposed lending.

(b) *Initial Credit appetite to lend:*

Depending on the nature of the proposed lending, the risk appetite will either be determined jointly by the Mid Markets Coverage Business and the Mid Markets Credit Management Centre's review of the Prospective MM Borrower's requirements and their compliance with the LBG credit policy or, in relation to more complex transactions, the Capital Markets Loan Markets Team (the "**Loan Markets Team**") will also be engaged to undertake a specialist credit analysis to assess the relevant lending entity's appetite to lend. Key factors in any credit decision include the repayment ability of the borrower based on assessment of its management team; cash flows, profitability and balance sheet strength; the borrower's management plan; the associated business; industry management risks and the overall risk/reward profile of the borrower.

(c) *Pricing and Returns Approval:*

Following a decision to progress at the Initial Credit and Appetite assessment stage, the Relationship Director will put forward a formal application to seek approval of the pricing and associated returns for the proposed transaction. The application will look at the current financing request both on a standalone basis as well as a constituent part to the wider relationship with the prospective MM borrower. The application process is run by a committee consisting Portfolio Management and senior members of the GC Relationship Team (from a different sector team than the one the application originates from (the 'investment committee')). The investment Committee can support, reject, or advise of a level that they would be willing to support the application. For the avoidance of doubt, Portfolio Management runs the Investment Committee and its decision making is independent from both Credit and Front office approvals.

(d) *Negotiation with the prospective MM borrower:*

Following the formal credit and pricing approval process, drafting and negotiation of the indicative pricing approved term sheet with the Prospective MM Borrower and external advisors will commence.

(e) *Formal Credit Risk application:*

Credit applications are submitted by Relationship Directors and are assessed by the relevant credit analyst. In each credit application, each proposed credit exposure must demonstrate (1) a clear understanding of the customer, (2) an analysis of the risks associated with the facilities proposed and the contractual counterparties (whether the customer or otherwise), and (3) a review of the risk adjusted return. If a transaction has been deemed to be complex then the Loan Markets Team will support the Relationship Director and credit analysts' application and review process.

The formal application document will include a full risk assessment which will include, but need not be limited to, an analysis of:

- I. The business environment and general economic outlook;

- II. Historic current and future business prospects;
- III. Management strengths and weaknesses;
- IV. Financial strength; including cashflow, profitability and balance sheet strength;
- V. The size and structure of proposed facilities and the fit with customer needs;
- VI. Account performance;
- VII. Compliance with policy requirements and portfolio or underwriting standards;
- VIII. Absolute revenues and risk adjusted rates of return; and
- IX. Environment and social risks.

(f) *Internal Credit Risk Rating:*

LBG assigns Corporate Master Scale ratings (a "**CMS Rating Scale**") for assessing the probability of default ("**PD**") of any given borrower. In order to determine a credit grade (a "**Credit Grade**") a scorecard is used in accordance with the Credit Policy.

Two internal LBG models are included within the scope for this transaction which are the Unquoted ("**UQ**") PD model and the Publicly Quoted ("**PQ**") PD model.

- a) **The UQ Model** - The UQ PD Model assigns PD ratings primarily to generate corporate firms that are not listed on a stock exchange. UQ is not used to rate Specialised Lending exposures to Sovereigns, Banks, Funds, Insurers, Housing Associations, US Municipals, Universities or Further Education colleges.
- b) **The PQ PD Model** - The PQ model assigns PD ratings to those firms that are listed (quoted) on a stock exchange for public trading.

Based on the applicable model a CMS Rating is assign to the Prospective MM Borrower.

(g) *Approval process and sanctioning:*

Credit Policy

Credit policy is set at the highest levels of leadership within LBG with policy setting and implementation being effected from a Board level downwards. The LBG group policy is set at Board level with subsequently the Commercial Banking executive committee setting the policy for Commercial Banking.

Credit sanctioning authorities required to approve a transaction are based on notional limit size and credit rating. Depending on the sanction required the responsibility will either sit with a relevant credit officer ("**Credit Officer**") or with Credit Committee. There are credit committees with a range of sanctioning authorities, including Local Credit Committee and Executive Credit Committee. If the application is sanctioned, the Relationship Director will receive a "**Formal Credit Sanction**". It should be noted that as part of the Formal Credit Sanction, revisions may be made to the terms of the proposed lending.

Investors should be aware that delegated credit authority is provided by the Credit Committees to Credit Officers and updated from time to time. More senior and experienced Credit Officers are given more extensive signing authority.

(h) *Indicative credit approved terms issued:*

Subsequent to the Formal Credit Sanction, the Prospective MM Borrower will be issued with indicative terms for the proposed lending which have been approved by through the Formal Sanction Process. Should the Prospective MM Borrower accept such terms, the relevant Relationship Director will instruct the relevant team (the "**Transaction Execution Team**") to

arrange for a facility agreement to be drafted and/or negotiated with the Prospective MM Borrowers legal counsel.

(i) *Signing and funding:*

Once all signed documentation in relation to a Loan has been received and all borrowing conditions precedents are met, the MM Loan may be drawn down into the borrower's account / transfer to the relevant Agent of the Syndicate.

Servicing of MM Loans

Customer & Portfolio Monitoring

As part of the sanctioning process, loan covenants, conditions, reporting triggers, frequency and methods of monitoring (including the information to be received and frequency of its dissemination by LBG) may be set.

Relationship Directors and the MM Credit Teams are jointly responsible for monitoring credit risk ensuring that deterioration in the creditworthiness of the customer or any other event that could expose LBG to increased risk is promptly identified. All obligors are subject to individual credit reviews and the obligor's internal risk rating will inform the frequency and depth of these reviews. At a minimum these reviews will be conducted annually (although on an exceptional "authorised excess" basis there may be greater than 12 months between reviews in order for relevant information to be obtained). All loans are formally reviewed annually, (subject to the authorised excess mentioned above) and whenever a request for new or changed facilities a formal credit application submission is made. Furthermore, through active management of the portfolio, MM borrowers are reviewed dynamically which can be driven by various factors including profit warnings, industry trends etc. As a result CMS ratings may be reviewed and amended more frequently than the annual cycle, driven by potential changes to the profile of the business and/or industry.

With respect to formal loan monitoring and control, the process is underpinned by a risk management framework comprising electronic automated monitoring, tracking adherence to facility terms and conditions, and a customer information and compliance assurance centre, which encompasses the electronic delivery of advice of third-party actions, such as legal judgements, corporate failures and charging of assets to third parties. Periodic reviews by internal audit take place to ensure compliance with credit risk controls and quality standards.

In addition to the above, a Supervisory Oversight process occurs on a monthly basis where the relevant Relationship Director and MM Credit Officer meet to discuss upcoming reviews for the month ahead alongside wider discussions around the sector and any changes in the overall credit landscape.

Turnaround & Recovery

Any customer relationships which are causing concern or have been rated as high risk are transferred to the specialist department responsible for the management of high risk and selected medium risk lending relationships (the "**Business Support Unit**" or "**BSU**") where they will be managed by experienced specialist teams who offer close relationship support and ensure that the exposure of LBG is appropriately controlled.

Within BSU the over-arching aim is to work with obligors experiencing financial distress to resolve the issues, to restore the business to a financially viable position and facilitate a business turnaround, with a view to returning the customer to mainstream, ideally within a two year time frame.

If it is not possible to deliver a turnaround at any stage, consideration will be taken to appoint administrators, sell the business or assets etc. At this stage the relationship may be transferred to Recoveries Commercial Banking ("**RCB**"). A consensual route with the customer is always the preferred option.

In each case where debt recovery is initiated, a preliminary case assessment is undertaken, including meetings with key professionals. Next, a recovery strategy is formulated, a detailed review of collateral is undertaken to establish the optimum route for maximum recovery, professional partners are engaged as required, and costs/budgets are agreed. The strategies adopted will depend on the nature of the collateral

held and type of situation -there are three main routes employed: insolvency of the customer, asset realisation and pursuit of guarantors/third party covenants.

For insolvency, administrators will be appointed by RCB or, as appropriate, petitions for insolvency served, and proofs of debt will be completed. Professional engagement and budgets are agreed upon with duly appointed insolvency professionals, performance of insolvency professionals is monitored, and realisations in respect of security are made. The aim is to maximise cost-effective recovery and minimise reputational risk.

The Role of Portfolio Management

Portfolio Management ("**PM**") is the Commercial Banking business unit which manages the profit & loss statement and balance sheet for the lending businesses of Commercial Banking, including GC and MM. The team is made up of London, Edinburgh, and New York-based banking professionals whose main business objective is to manage the balance sheet in order to optimise the returns on risk weighted assets ("**RoRWA**"), manage capital efficiency, and achieve overall risk weighted asset ("**RWA**") objectives.

The PM team is subdivided into four key business areas covering the lending lifecycle from origination through to distribution and asset management. The four key business areas are:

- Pricing
- Portfolio Analytics
- Distribution and Optimisation
- Loan Management

The Pricing Team has responsibility for approving origination pricing via the Investment Committee process (as described in *Overview of Lending Market and Origination and Servicing of Reference Obligations – Investment Committee* above), verifying inputs to the pricing process, and client and sector planning thereby reviewing overall transaction and relationship returns across Commercial Banking.

The Portfolio Analytics team is responsible for quantitative analysis including pricing model development, liquidity modelling, portfolio and economic capital modelling, and securitisation analytics. The team ensures that all the information required to monitor the portfolio is available to be utilised at all stages along the lending lifecycle in order to support key decision making.

The Distribution and Optimisation team is responsible for optimising Commercial Banking's core assets for the purpose of ensuring best execution for Commercial Banking, RWA optimisation (which includes reducing name concentration risk and RWA), risk distribution, return enhancement (which includes reducing RWA to improve profit before tax/RoRWA) and optimisation of balance sheet shape (which includes reviewing non-strategic assets and sector concentrations).

To achieve these goals the PM distribution and optimisation team undertakes governance and control, single asset and portfolio disposals, securitisation transactions, single name hedging, and client management processes. From 1 January 2015 optimisation activities will be part of a capital allocation team reporting into the Pricing Team.

Within the Distribution and Optimisation team, the securitisation management team, based in Edinburgh, is responsible for both financial management (which includes cash management, financial reporting and control, SPV administration and statutory reporting) and collateral management (which includes portfolio analysis and replenishment, significant risk transfer valuations and regulatory reporting, and credit event reporting) of the LBG corporate securitisation transactions. The securitisation management team will be responsible for the replenishment of the Reference Portfolio during the transaction.

The Loan Management team are responsible for the management of acquisition finance and infrastructure & energy (project finance) assets.

THE LOANS TRUST

Pursuant to the terms of the Originator Trust Deed, the Originator will declare a trust for the benefit of the Issuer Beneficiary and the Originator Beneficiary over its entitlement to the Included Loan Advances, any Related Security and any Related Enforcement Proceeds in favour of the Issuer Beneficiary and the Originator Beneficiary (the trust declared by the Originator being the "**Loans Trust**"). The beneficial interest of the Issuer Beneficiary under the Loans Trust is referred to as the "**Investor Interest**" and is a fixed undivided interest in the Loans Trust Property. The beneficial interest of the Originator Beneficiary under the Loans Trust is referred to herein as the "**Originator Interest**" and is a fixed undivided interest in the Loans Trust Property. The Investor Interest in the Loans Trust will result in an amount equal to 99 per cent. of the amounts received by the Loans Trustee in respect of the Included Loan Advances and any Related Security or Related Enforcement Proceeds being paid to the Issuer. The Originator Interest in the Loans Trust will result in an amount equal to 1 per cent. of the amounts received by the Loans Trustee in respect of the Included Loan Advances and any Related Security or Related Enforcement Proceeds being paid to the Originator Beneficiary.

On the Issue Date the Portfolio shall constitute:

- (a) the Sterling Term Loans;
- (b) the Funded Amounts and Unfunded Amounts of Sterling Delayed Draw Obligations and Sterling Revolving Obligations (including any Further Advances made in respect of such obligations);
- (c) the Sterling Funded Amounts of Multi-Currency Obligations; and
- (d) any Sterling Further Advance in respect of a Multi-Currency Delayed Draw Obligation or Multi-Currency Revolving Obligation,

and any Related Security and the Related Enforcement Proceeds.

Related Security and All Moneys Securities

A number of the Included Loan Advances to be included in the Portfolio can be secured, either by a Mortgage, or by other types of security.

Some of the Mortgages or other types of Security for the Included Loan Advances constitute All Moneys Securities. An All Moneys Security will be enforceable on the occurrence of a default by an Obligor either under an Included Loan Advance or any Associated Debt secured by the relevant All Moneys Security.

As the Loans Trust is declared over the whole of the Related Security, if any, and any Related Enforcement Proceeds, the proceeds of enforcement of any All Moneys Security will form part of the Loans Trust Property of the relevant Loans Trust. The Originator Beneficiary and the Issuer Beneficiary are entitled to fixed undivided shares of the Loans Trust Property so far as referable to Included Loan Advances which are subject to the Loans Trust. However, those fixed shares will not necessarily apply to proceeds of enforcement of All Moneys Securities where such proceeds are referable in whole or in part to Associated Debt. Upon enforcement of an All Moneys Security in respect of an Included Loan Advance, the Excess AMS Consideration (if any) will be paid directly by the Issuer to the Originator outside the Priorities of Payment in accordance with the Originator Trust Deed after the enforcement proceeds have been transferred to the relevant Issuer Account corresponding to the Investor Interest (as to which see "*Collections and Allocations of Collections*" below).

"**Excess AMS Consideration**" shall, on any Allocation Date, be the aggregate of the AMS Excess (if any) received into the relevant Issuer Account on that Allocation Date.

"**AMS Excess**" shall be an amount equal to the greater of (i) the total amount allocated to the Issuer representing the Investor Interest in respect of the enforcement proceeds received in respect of an All Moneys Security *minus* the Funded Aggregate Principal Balance in respect of the relevant Included Loan Advance to which such All Moneys Security applies and (ii) zero.

Trust Consideration

As part of the consideration for the declaration of the Loans Trust and the granting of the Investor Interest as at the Issue Date, the Issuer will have an obligation to pay the Initial Trust Consideration to the Originator. The Issuer and the Originator have agreed that the Issuer will (i) issue the Notes on the Issue Date and (ii) (if required) following the Issue Date, pay certain amounts of Deferred Consideration to the Originator, in satisfaction of the Issuer's obligation to pay the Initial Trust Consideration.

As part of the Trust Consideration and if required, the Issuer will pay Deferred Consideration to the Originator, consisting of certain amounts payable as determined by the Originator (or the Cash Administrator on its behalf) in accordance with the Originator Trust Deed. The Issuer's obligation to pay the Deferred Consideration will arise where on the Issue Date or, as applicable, the Addition Date, the amount of Initial Trust Consideration or, as the case may be, Additional Trust Consideration paid by the Issuer to the Originator, in respect of an Included Loan Advance (which, for the avoidance of doubt, shall include a Replenishment Loan or, as the case may be, a Further Advance), is less than an amount equal to 99 per cent. of the Aggregate Principal Balance of such Included Loan Advances on the Issue Date or, as the case may be, the Addition Date.

The amount of "**Deferred Consideration**" due and payable on any Business Day shall be:

- (a) an amount equal to the Investor Interest in the Aggregate Principal Balance of the relevant Included Loan Advance (including any Replenishment Loan or Further Advance) on the Issue Date or, as the case may be, the Addition Date, *minus*
- (b) the amount of Initial Trust Consideration or, as the case may be, Additional Trust Consideration, in respect of such Included Loan Advance paid by the Issuer on the Issue Date or, as the case may be, the Addition Date and any Deferred Consideration paid previously in respect of such Included Loan Advance.

In respect of an Included Loan Advance (which, for the avoidance of doubt, shall include any Further Advance and Replenishment Loan on and following the relevant Addition Date) in respect of which Deferred Consideration is payable by the Issuer to the Originator, on each Business Day on which principal receipts (including any Reacquisition Proceeds) are due to be received by the Loans Trustee, following the transfer by the Cash Administrator on behalf of the Originator of an amount of such principal receipts which correspond to the Investor Interest to the Principal Account of the Issuer, the Cash Administrator shall determine, in accordance with the provisions of the Originator Trust Deed and the Administration Agreement, the relevant Nominal Deferred Consideration Percentage in respect of such Included Loan Advance, the Applied Deferred Consideration Percentage in respect of such Included Loan Advance and the Applied Deferred Consideration that shall be paid to the Originator from the Principal Account (including any Reacquisition Proceeds) and shall, immediately following such determination, transfer such Applied Deferred Consideration to the Originator.

For the purpose of this paragraph, the "**Nominal Deferred Consideration Percentage**" in respect of an Included Loan Advance shall be a percentage determined by the Cash Administrator on any Business Day calculated by reference to (i) the total amount of Deferred Consideration due and payable by the Issuer in respect of such Included Loan Advance on such date divided by (ii) an amount equal to the Investor Interest in the Aggregate Principal Balance in respect of such Included Loan Advance on such date, **provided that**, if an Included Loan Advance has become a Defaulted Obligation since the previous determination date and if as a result of which the Aggregate Principal Balance in respect of such Included Loan Advance has been reduced, on such date, the total amount of Deferred Consideration due and payable by the Issuer in respect of such Included Loan Advance which has become a Defaulted Obligation shall be reduced by an amount determined by the Cash Administrator by reference to the same percentage of the reduction of the Aggregate Principal Balance on such date.

The "**Applied Deferred Consideration Percentage**" in respect of an Included Loan Advance shall be determined by the Cash Administrator on any Business Day being the greater of (a) the Nominal Deferred Consideration Percentage and (b) 100 per cent.

The "**Applied Deferred Consideration**" in respect of an Included Loan Advance shall be an amount determined by the Cash Administrator on any Business Day being equal to the lower of (a) the Applied Deferred Consideration Percentage multiplied by the amount of Principal Receipts related to such

Included Loan Advance (including any related Further Advance) transferred to the Issuer corresponding to the Investor Interest and (b) the actual amount of Deferred Consideration due and payable by the Issuer on the relevant date of determination, **provided that** for an Included Loan Advance which has become a Defaulted Obligation, the Applied Deferred Consideration Percentage referred to in item (a) shall be the Nominal Deferred Consideration Percentage in respect of such Included Loan Advance from (and including) the date on which such Included Loan Advance has become a Defaulted Obligation.

In relation to the Revenue Receipts in respect of an Included Loan Advance where Deferred Consideration is payable by the Issuer to the Originator, where such Revenue Receipts have been transferred to the Interest Account of the Issuer on any Business Day corresponding to the Investor Interest under the Loans Trust, the Cash Administrator shall determine, in accordance with the provisions of the Originator Trust Deed and the Administration Agreement, an amount from Revenue Receipts that shall be paid to the Originator from the Interest Account of the Issuer by reference to the Nominal Deferred Consideration Percentage in respect of such Included Loan Advance and shall, immediately following such determination, transfer an amount that represents such portion of the Revenue Receipts to the Originator.

Where the Applied Deferred Consideration Percentage is higher than the Nominal Deferred Consideration Percentage, the Cash Administrator shall recalculate the Nominal Deferred Consideration Percentage immediately after the relevant Applied Deferred Consideration is paid to the Originator and the amount of Deferred Consideration outstanding, until the total Deferred Consideration is paid in full. Revenue Receipts and Principal Receipts representing the Deferred Consideration determined and transferred as described above shall be paid outside the relevant Priority of Payments on any Business Day but only to the extent that doing so would not cause a breach of the Replenishment Criteria.

In addition to the above and for the avoidance of doubt, Deferred Consideration in relation to Further Advances may be paid by the Issuer on any Business Day during the Replenishment Period, from funds available to it in accordance with the Pre-Acceleration Principal Priority of Payments but only to the extent that doing so would not cause a breach of the Replenishment Criteria and, following such payment, the Cash Administrator shall calculate the amount of Deferred Consideration owing in respect of a Further Advance (if any).

Following the enforcement of any All Moneys Securities, the Issuer may also have to pay Excess AMS Consideration to the Originator.

Replenishment, Further Advances and Revolving Obligations

To the extent that any Obligor requests a further drawing in respect of a Sterling Delayed Draw Obligation and the Originator makes such advance, such Further Advance will automatically form part of the Loans Trust Property on the Addition Date. Upon the grant of a Further Advance in respect of a Sterling Delayed Draw Obligation, the Issuer will be under an obligation to pay an amount equal to the Additional Trust Consideration in respect of such Further Advance.

To the extent that any Obligor requests a Sterling Further Advance in respect of a Multi-Currency Delayed Draw Obligation and the Originator makes such advance, it will automatically form part of the Loans Trust Property on the Addition Date. If the further advance (in respect of a Multi-Currency Obligation) is in a currency other than Sterling then such further advance will not form part of the Loans Trust Property. Upon the grant of a Sterling Further Advance, the Issuer will be under an obligation to pay an amount equal to the Additional Trust Consideration in respect of such Sterling Further Advance.

The Additional Trust Consideration payable by the Issuer may be paid by the Issuer on any Business Day during the Replenishment Period, from funds standing to the credit of the Principal Account but only to the extent that doing so would not cause a breach of the Replenishment Criteria. In addition, Additional Trust Consideration may be paid by the Issuer in accordance with the Pre-Acceleration Principal Priority of Payments. To the extent that the Additional Trust Consideration is not paid in full on the relevant Addition Date (either due to insufficient funds being available in the Principal Account for such purpose or if the Replenishment Criteria would be breached by such a payment), Deferred Consideration shall be payable in respect of such Further Advance as described in more detail in "*The Loans Trust – Trust Consideration*" above.

On any day on which an Obligor (a) repays a principal amount in respect of a Sterling Revolving Obligation which is an Included Loan Advance and (b) does not immediately re-draw a principal amount in Sterling in respect of such Revolving Obligation on that same day, such Collections received by the Originator from such Obligor shall, for the purposes of the Loans Trust and in accordance with the Originator Trust Deed, reduce by an amount equal to such Collections, the total principal amount outstanding of such Revolving Obligations as of such day of receipt.

In the event that, at a later date, further draw down(s) under such Revolving Obligation are made by the relevant Obligor to the extent that such Revolving Obligation is a Sterling Revolving Obligation, any such Further Advance will automatically form part of the Loans Trust Property and shall be funded in the same way as Sterling Further Advances (see above).

In the event that, at a later date, further draw down(s) under such Revolving Obligations which are Multi-Currency Revolving Obligations are made by the relevant Obligor in Sterling, such further draw down(s) will be treated as Sterling Further Advance(s) and any such Sterling Further Advance will automatically form part of the Loans Trust Property and shall be funded in the same way as Sterling Further Advances in respect of Multi-Currency Delayed Draw Obligations. Any further advances in a currency other than Sterling will not form part of the Loans Trust Property.

On any Business Day during the Replenishment Period, the Collateral Administrator (on behalf of the Issuer) may use funds standing to the credit of the Principal Account (i) to acquire a beneficial interest in additional loan advances, subject to the satisfaction of the Replenishment Criteria and (ii) to pay any Additional Trust Consideration (subject to satisfaction of the Replenishment Criteria) or Deferred Consideration due in respect of a Further Advance. In addition, Additional Trust Consideration may be paid by the Issuer in accordance with the Pre-Acceleration Principal Priority of Payments.

On any Business Day during the Replenishment Period and provided no Event of Default is continuing, if (a) the Originator has legal and beneficial title to loan advances which it is willing to add to the Loans Trust (in consideration of the payment by the Issuer of the Additional Trust Consideration) and/or Further Advances (such loan advances and Further Advance collectively, the "**Available Loan Advances**"), (b) the Originator has provided the Collateral Administrator with the information necessary for the Collateral Administrator to determine whether the relevant Eligibility Criteria, Portfolio Criterion and Replenishment Criteria would be met if such Available Loan Advances became part of the Loans Trust on the relevant Addition Date and (c) the Collateral Administrator determines pursuant to the Administration Agreement that the relevant Eligibility Criteria, Portfolio Criterion and Replenishment Criteria would be met on the relevant Addition Date (such Business Day being the "**Replenishment Calculation Date**"), the Cash Administrator shall determine and notify the Collateral Administrator the amounts available to the Issuer in the relevant Interest Period for the payment of Additional Trust Consideration or, as the case may be, the Deferred Consideration in respect of such Available Loan Advances, pursuant to the terms of the Administration Agreement as if such Replenishment Calculation Date was a Determination Date for the purposes of the calculations and determinations in respect of the Pre-Acceleration Revenue Priority of Payments and Pre-Acceleration Revenue Priority of Payments (the "**Available Replenishment Funds**").

If the Collateral Administrator determines that the addition of such loan advances to the Loans Trust on the Addition Date would satisfy the Eligibility Criteria, Portfolio Criterion and Replenishment Criteria, the Originator shall make an offer to include such loan advances in the Loans Trust. The Issuer (or the Collateral Administrator on its behalf) will accept this offer by instructing the Cash Administrator to pay the Additional Trust Consideration on the Addition Date using the amounts available in accordance with the Pre-Acceleration Principal Priority of Payments. To the extent that the Additional Trust Consideration is not paid in full on the Addition Date, Deferred Consideration shall be payable in respect of such Replenishment Loan as described in more detail in "*The Loans Trust – Trust Consideration*" below.

If the Issuer, or the Collateral Administrator on behalf of the Issuer, accepts the offer, the Originator shall add such additional Included Loan Advances to the Loans Trust and such additional Included Loan Advances shall be subject to the Loans Trust on the Addition Date.

Collections and Allocations of Collections

Collections from Obligors and other borrowers are currently paid to the Collection Accounts operated by the Collection Account Bank. The Originator shall, on a daily basis, transfer all amounts expected to be

received on such date which would be allocable to the Investor Interest in Included Loan Advances, pursuant to the terms of the relevant Loan Agreements, from the relevant Collection Account to the Interest Account, in respect of Revenue Receipts and to the Principal Account, in respect of Principal Receipts, amounts allocable to the Originator Interest shall be retained by the Originator.

On each Monthly Reconciliation Date, the Cash Administrator (on behalf of the Originator) shall determine (A) the amounts actually received from Obligor (including any amounts credited to the Collection Accounts in respect of Defaulted Obligations) during the Monthly Period allocable to Included Loan Advances and corresponding to the Investor Interest under the Loans Trust and (B) the amounts transferred from the Collection Accounts to the relevant Issuer Account during the Monthly Period (taking into account amounts representing the Deferred Consideration transferred by the Cash Administrator to the Originator). In the event that there is a positive difference between the amount of (B) and the amount of (A), the Reconciliation Amount shall be transferred from the relevant Issuer Account to the relevant Collection Account on such Monthly Reconciliation Date (or *vice versa* if there is a negative difference). The Cash Administrator shall determine the portion of the Reconciliation Amount allocable to Principal Receipts, which shall be paid to or, as the case may be, from the Principal Account, and the portion allocable to Revenue Receipts, which shall be paid to or, as the case may be, from the Interest Account, subject always to the availability of funds.

In the event that a Multi-Advance Obligor makes a payment, or amounts are otherwise recovered in respect of the obligations of the Obligor pursuant to the Loan Agreement:

- (a) if the Multi-Advance Obligor has the right, pursuant to the Loan Agreement, to designate which Loan Facility such payment shall be allocated to and exercises this right or the relevant Loan Agreement has provided for the allocation of such payment, the amount received from such Multi-Advance Obligor shall be allocated in accordance with the instructions of the Multi-Advance Obligor or, as the case may be, in accordance with the terms of the relevant Loan Agreement;
- (b) if the Multi-Advance Obligor does not have the right, pursuant to the Loan Agreement, to designate which Loan Facility such payment shall be allocated to or has the right and does not exercise this right, the Originator shall allocate the amount received from such Multi-Advance Obligor in accordance with the Servicing Standards.

Should the rating of the Collection Account Bank be downgraded by S&P or Moody's to below the Collection Account Bank Required Rating, the Originator shall, within 30 calendar days of such downgrade, designate an account at a suitable account bank as the Substitute Collection Account and transfer all funds standing to the credit of the Collection Account in respect of Included Loan Advances to such Substitute Collection Account. Following such substitution, the Obligor will be notified by the Originator to make payments directly into such Substitute Collection Account. If the Originator fails to designate a Substitute Collection Account and/or transfer all funds standing to the credit of the Collection Accounts to such Substitute Collection Account and/or notify the Obligor to make payments directly into such Substitute Collection Account, a Power of Attorney Event will occur and the Issuer shall procure such transfer pursuant to the Originator Power of Attorney within 60 calendar days of the occurrence of the Power of Attorney Event.

The Collateral Administrator on behalf of the Originator is required to advise the Issuer and the Cash Administrator of (i) collections to be distributed to the Issuer corresponding to the Investor Interest which represent Principal Receipts and of collections which represent Revenue Receipts on the date on which such Principal Receipts and Revenue Receipts are due to be received by the Originator in the Collection Account and (ii) any Reconciliation Amount and the proportion of such amount representing Principal Receipts and/or Revenue Receipts.

On the same Business Day on which principal receipts and revenue receipts are due to be received by the Originator or on which the Originator receives enforcement proceeds in relation to an All Moneys Security (such date, the "**Allocation Date**"), the Originator shall, in accordance with the Originator Trust Deed, transfer (i) amounts that correspond to the Investor Interest from the relevant Collection Account to the Interest Account of the Issuer (in respect of the Revenue Receipts) and Principal Account of the Issuer (in respect of the Principal Receipts) and (ii) amounts that correspond to the Originator Interest to the Originator Beneficiary.

In accordance with the Originator Trust Deed, in the event that, in respect of any Defaulted Obligation, the total amounts received by the Loans Trustee (whether as a result of enforcement action being taken or otherwise) are less than the principal amount outstanding in respect of such Defaulted Obligation (such difference a "**Principal Shortfall**"), and in the reasonable business judgment of the Originator, such Principal Shortfall will not be recoverable from the relevant Obligor, neither the Originator nor any other person (including Lloyds Bank plc in its capacity as Loans Trustee) will be required to pay to the Issuer (or any other person) any amounts on account of such Principal Shortfall and such Defaulted Obligation will cease to be a Loans Trust Property. The Collateral Administrator shall establish and maintain a ledger (the "**Principal Write-Off Ledger**") on which amounts of Principal Shortfalls shall be recorded from time to time.

Disposal of Loans Trust Property and Re-acquisition of Beneficial Interest in the Included Loan Advances

Following the declaration of the Loans Trust, the Originator may (and in some circumstances shall) reacquire the beneficial interest in the Included Loan Advances by paying an amount equal to the relevant Reacquisition Proceeds to the Loans Trustee pursuant to the Call Option Agreement in the following circumstances:

- (i) the Originator may reacquire the beneficial interest in relevant Included Loan Advances if the Originator notifies the Beneficiaries and the Cash Administrator that it has determined that some or all of the Included Loan Advances may be refinanced on terms more advantageous than those provided by the Notes (including in circumstances where the Class S Noteholders have exercised their call option), or
- (ii) the Originator may reacquire the beneficial interest in the relevant Included Loan Advances if the Originator intends to sell, sub-participate, dispose of or enter any analogous transaction with respect to any Included Loan Advance or part thereof to a third party if such action is necessary or desirable from the point of view of a reasonably prudent lender; or
- (iii) the Originator may reacquire the beneficial interest in the relevant Included Loan Advance if there is a breach of the Call Option Rating; or
- (iv) the Originator may reacquire the beneficial interest in the relevant Included Loan Advances if the relevant Included Loan Advance has become a Credit Impaired Obligation; or
- (v) the Originator shall reacquire the beneficial interest in the relevant Included Loan Advances (whether it is a Credit Impaired Obligation or a Non-Credit Impaired Obligation) if it is determined that any Originator Asset Warranty or Originator Asset Covenant given by the Originator pursuant to the Originator Trust Deed in respect of Included Loan Advances was breached, in respect of an Originator Asset Warranty, at the Issuer Date, or as the case may be, the Addition Date or, in respect of an Originator Asset Covenant, at any time, which, in each case, has a material adverse effect on the Investor Interest.

In the above circumstances, upon payment of the Reacquisition Proceeds by the Originator to the Loans Trustee, the Beneficiaries will agree to jointly surrender their respective beneficial interest in the relevant Included Loan Advances and thereby cause the whole of the beneficial interest in the relevant Included Loan Advances to be removed from the Loans Trust Property and to vest once again exclusively in the Originator (including any unpaid interest as at the date of completion of such reacquisition). The Issuer Surrender Receipt shall be paid to the Issuer by the Loans Trustee in consideration of the surrender by the Issuer Beneficiary of its beneficial interest in the relevant Included Loan Advances. The Originator Surrender Receipt shall be paid to the Originator Beneficiary by the Loans Trustee in consideration of the surrender by the Originator Beneficiary of its beneficial interest in the relevant Included Loan Advances.

If the Originator reacquires the beneficial interest in a Non-Credit Impaired Obligation in circumstances described in (i), (ii) or (iii) above, the Issuer Surrender Receipt shall be used by the Issuer to redeem the Notes in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*) **provided that**, if the Originator reacquires the beneficial interest in Non-Credit Impaired Obligations in the circumstances described in (i) or (ii) above and the sum of the Funded Aggregate Principal Balance in respect of the Non-Credit Impaired Obligations reacquired in the 12 month period immediately prior to such reacquisition (including the sum of the Funded Aggregate

Principal Balance in respect of the Non-Credit Impaired Obligations to be reacquired) is less than the Reinvestment Threshold, the Issuer Surrender Receipt may be used by the Issuer as if it were received in respect of a Credit Impaired Obligation (as to which see below). Where the sum of the Funded Aggregate Principal Balance in respect of the Non-Credit Impaired Obligations reacquired in the 12 month period immediately prior to such reacquisition in the circumstances described in (i) or (ii) above exceeds the Reinvestment Threshold, any Issuer Surrender Receipts received up to the Reinvestment Threshold may be used by the Issuer as if it were received in respect of a Credit Impaired Obligation. Any Issuer Surrender Receipt received in respect of reacquisitions in excess of the Reinvestment Threshold shall continue to be used to redeem the Notes in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*).

If the Originator reacquires the beneficial interest in circumstances described in (iv) in respect of Credit Impaired Obligations or in circumstances described in (v) above, the Issuer Surrender Receipt may be used by the Issuer (A) on any Business Day during the Replenishment Period, to acquire a beneficial interest in additional loans or Further Advances, subject to the satisfaction of the Replenishment Criteria and in accordance with the other conditions for Replenishment (see summary above) or (B) following the expiry of the Replenishment Period, to redeem the Notes in accordance with Condition 5.2 (*Mandatory Early Redemption*).

The Originator will have no other liability for breach of any Originator Asset Warranty or Originator Asset Covenant in respect of the Included Loan Advances other than the obligation to reacquire the relevant beneficial interest.

The Beneficiaries have directed the Loans Trustee to accept a surrender of their beneficial entitlements to any Included Loan Advance, any Related Security and any Related Enforcement Proceeds whenever required in order to effect a re-acquisition in accordance with the Call Option Agreement.

Following payment by the Originator of the Reacquisition Proceeds to the Issuer Beneficiary and the Originator Beneficiary, the whole of the beneficial interests in the relevant Included Loan Advances, any Related Security and any Related Enforcement Proceeds will be surrendered to the Originator and such Included Loan Advances, any Related Security and any Related Enforcement Proceeds will thereupon be released from all of the terms of the Loans Trust. The relevant Included Loan Advances, any Related Security and any Related Enforcement Proceeds will then once again be solely legally and beneficially owned by the Originator, will no longer be held on trust as the Loans Trust Property and will be electronically identified by the Originator as no longer comprising the Loans Trust Property.

Trust Pay Out Events

The following shall constitute "**Trust Pay Out Events**":

- (a) the Originator shall become unable for any reason to create a beneficial interest in Included Loan Advances under the Loans Trust or the Loans Trustee is unable to act as trustee in the manner contemplated in the Originator Trust Deed;
- (b) a change in law or its interpretation or administration results in the Loans Trustee becoming liable to make any material payment on account of tax in relation to the Investor Interest; and
- (c) failure on the part of the Loans Trustee:
 - (i) to make any payment or deposit required by the terms of the Originator Trust Deed on or before the date occurring seven business days after the date such payment or deposit is required to be made other than as a result of a technical or administrative error, or
 - (ii) duly to observe or perform in any material respect any covenants or agreements by which the Loans Trustee is bound and which failure has a material adverse effect on the Investor Interest and which continues unremedied for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Loans Trustee, as the case may be, by the Issuer, and continues to affect materially and adversely the Investor Interest for such period; and

- (d) the Issuer becomes an "**investment company**" within the meaning of the Investment Company Act.

If not terminated earlier, the occurrence of a Trust Pay Out Event will cause the termination of the Replenishment Period.

Representations, Warranties and Covenants

The Originator Trust Deed contains representations and warranties to be given by the Originator to the Beneficiaries in relation to (i) each Included Loan Advance and any Related Security on the Issue Date and (ii) each Further Advance and each Replenishment Loan on the relevant Addition Date. Neither the Issuer nor the Note Trustee has carried out or will carry out any searches, inquiries or independent investigations of the type which a prudent purchaser or mortgagee would normally be expected to carry out. Each is relying entirely on the Originator's representations and warranties under the Originator Trust Deed. Subject to agreed exceptions and materiality qualifications, the Originator's material representations and warranties in respect of the Included Loan Advances (which shall include any Further Advance and Replenishment Loan) under the Originator Trust Deed include warranties as to the following:

- (a) satisfaction of the Eligibility Criteria and Portfolio Criterion on the Issue Date and that of the Replenishment Criteria on the Addition Date;
- (b) good title to, and absolute unencumbered legal and beneficial ownership of all property, interests, rights and benefits (subject to prior encumbrances that are permitted pursuant to the Loan Agreements) subject to the declaration of trust by the Originator pursuant to the terms of the Originator Trust Deed in relation to each Included Loan Advance, any Related Security and any Related Enforcement Proceeds;
- (c) in the event that interest on a Included Loan Advance is payable subject to any deduction or withholding, such Loan Agreement contains a provision obliging the Obligor to gross up amounts paid so that the amount paid to the Originator is no less than the amount that would have been paid to the Originator if the Obligor were not obliged to make such deduction or withholding;
- (d) no Obligor is an "individual" as defined in section 189(1) of the Consumer Credit Act 1974 or for the purposes of the definition of "personal data" pursuant to section 1 of the Data Protection Act 1998;
- (e) no Obligor is entitled to exercise any lien, right of set-off or counterclaim against the Originator in respect of any amounts payable under the relevant Loan Agreement nor to render such Loan Agreement unenforceable in whole or in part; and
- (f) there are no provisions in the Loan Agreements that prohibit the Originator declaring a trust over its interest in the relevant Included Loan Advances and any Related Security,

(the "**Originator Asset Warranties**" and each an "**Originator Asset Warranty**").

The Originator also covenants with and undertakes to the Issuer on the terms set out in the Originator Trust Deed in relation to, *inter alia*, the Included Loan Advances. Subject to agreed exceptions and materiality qualifications, the Originator's material representations and warranties in respect of the Included Loan Advances (which shall include any Further Advance and Replenishment Loan) under the Originator Trust Deed include, *inter alia*, covenants that it will comply with its obligations as set out in the Originator Trust Deed in relation to administering the Included Loan Advances and will not deal with the Included Loan Advances, Related Security or where applicable, Related Enforcement Proceeds, if any, otherwise than in accordance with the Transaction Documents.

The Originator will have no other liability for breach of any Originator Asset Warranty or Originator Asset Covenant in respect of the Included Loan Advances other than the obligation to reacquire the relevant beneficial interest.

Originator Powers of Attorney

The Originator has, in connection with the creation of the Loans Trust, granted to the Issuer an Originator Power of Attorney to permit the Issuer, upon the occurrence of certain Power of Attorney Events described below, to take certain actions in the name of the Originator to ensure the performance by the Loans Trustee of its obligations under the Originator Trust Deed, including its covenants to enforce its rights under the Included Loan Advances and Related Security and to collect repayments in respect of the Included Loan Advances and Related Security, if any, in the ordinary course of its business and remit the proceeds relating to the Investor Interest to itself. Under the terms of the Originator Powers of Attorney, the Issuer may appoint a delegate to exercise its rights, powers and discretions under the Originator Powers of Attorney. In accordance with the terms of the Note Trust Deed and the Administration Agreement, the Issuer has appointed each of the Note Trustee, the Collateral Administrator and the Cash Administrator as its delegate for the purposes of exercising its rights, powers and discretions under the Originator Powers of Attorney.

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

- (a) The Originator, consents or takes any corporate action in relation to the appointment of a receiver, administrator, examiner, administrative receiver, provisional liquidator, liquidator, trustee in sequestration, judicial factor or similar officer of it, relating to all or substantially all of its revenues and assets or an order of the court is made for its sequestration, winding up, dissolution, administration, examinership, or insolvent reorganisation or a receiver, administrator, examiner, administrative receiver, provisional liquidator, liquidator, trustee in sequestration, judicial factor or similar officer of it, relating to all or substantially all of its revenues and assets is appointed;
- (b) A member of the board of directors of the Originator shall admit in writing that the Originator is unable to pay its debts as they fall due or the Originator makes a general assignment, assignation or trust for the benefit of or a scheme, arrangement or composition with its creditors or voluntarily suspends payment of its obligations with a view to the general readjustment or rescheduling of its indebtedness; or
- (c) The Originator is in material breach of its obligations to enforce the terms of any Included Loan Advance pursuant to the provisions of the Originator Trust Deed (including a breach of its obligation to transfer the Collection Account within the agreed time period following the downgrade of the Collection Account Bank below the Collection Account Bank Required Ratings or to notify the Obligors pursuant to the terms of the Originator Trust Deed).

There will be three areas of permitted activity covered by the Originator Powers of Attorney following the occurrence of a Power of Attorney Event:

- (a) Actions enforcing a change of the Collection Account arrangement in relation to Obligors including the replacement of the Collection Account by a Substitute Collection Account and notifying the Obligors in respect of such Substitute Collection Account and, in relation to which, the Issuer shall not be required to seek any further consent or authorisation from Lloyds Bank plc (in any capacity) to conduct such actions,
- (b) Taking action against Obligors pursuant to the terms of the relevant Loan Agreement in the name of the Originator if the Originator fails to do so within the specified time. The Issuer will be required to take action against the relevant Obligor under the Originator Power of Attorney to make collections under the Included Loan Advances, whether by enforcement of the terms of the Included Loan Advance or otherwise. The Issuer may, without any further consent or authorisation from Lloyds Bank plc (in any capacity), take any such course of action as the Issuer considers to be necessary or desirable in relation to the collection of amounts relating to, or the enforcement of, any Included Loan Advance or Obligor or its sub-delegate; and
- (c) Actions which involve matters fundamental to the constitution of the Loans Trust or allocation of Loans Trust Property, where the Issuer may take such actions as are required to protect and preserve the Investor Interest and to ensure that the Issuer Beneficiary receives its allocation of Principal Receipts and Revenue Receipts, provided any such actions are not materially prejudicial to the interests of the Beneficiaries,

provided that, the Originator Power of Attorney does not entitle the Issuer (without the consent of the Originator) to take action in respect of the included Loan Advances which would result in such Included Loan Advances being sold to a third party prior to the delivery of an Acceleration Notice.

COLLATERAL ADMINISTRATION AND CASH ADMINISTRATION

Introduction

The Collateral Administrator and the Cash Administrator will manage funds received in accordance with the Administration Agreement. The Cash Administrator and the Collateral Administrator will act as agents of the Originator and the Issuer and will take instructions from each of them, as appropriate.

The Collateral Administrator is required to advise the Issuer on the purchase of the Replenishment Loans including an evaluation of whether the Portfolio Criterion, Replenishment Criteria and/or the Eligibility Criteria, as the case may be, will be met.

On any Business Day during the Replenishment Period, the Collateral Administrator (on behalf of the Issuer) may use funds allocated in accordance with the Pre-Acceleration Principal Priority of Payments (i) to acquire a beneficial interest in additional loan advances, subject to the satisfaction of the Replenishment Criteria and (ii) to pay any Additional Trust Consideration or Deferred Consideration due in respect of a Further Advance (subject to satisfaction of the Replenishment Criteria).

On any Business Day during the Replenishment Period, if (a) the Originator has legal and beneficial title to loan advances which it is willing to add to the Loans Trust (in consideration of the payment by the Issuer of the Additional Trust Consideration) and/or Further Advances (such loan advances and Further Advance collectively, the "**Available Loan Advances**"), (b) the Originator has provided the Collateral Administrator with the information necessary for the Collateral Administrator to determine whether the relevant Eligibility Criteria, Portfolio Criterion and Replenishment Criteria would be met if such Available Loan Advances became part of the Loans Trust on the relevant Addition Date and (c) the Collateral Administrator determines pursuant to the Administration Agreement that the relevant Eligibility Criteria, Portfolio Criterion and Replenishment Criteria would be met on the relevant Addition Date (such Business Day being the "**Replenishment Calculation Date**"), the Cash Administrator shall determine and notify the Collateral Administrator the amounts available to the Issuer in the relevant Interest Period for the payment of Additional Trust Consideration or, as the case may be, the Deferred Consideration in respect of such Available Loan Advances, pursuant to the terms of the Administration Agreement as if such Replenishment Calculation Date was a Determination Date for the purposes of the calculations and determinations in respect of the Pre-Acceleration Revenue Priority of Payments and Pre-Acceleration Revenue Priority of Payments (the "**Available Replenishment Funds**").

If the Collateral Administrator determines that the addition of such loan advances to the Loans Trust on the Addition Date would satisfy the Eligibility Criteria, Portfolio Criterion and Replenishment Criteria, the Originator shall make an offer to include such loan advances in the Loans Trust. The Issuer (or the Collateral Administrator on its behalf) will accept this offer by instructing the Cash Administrator to pay the Additional Trust Consideration on the Addition Date using the amounts available in accordance with the Pre-Acceleration Principal Priority of Payments. To the extent that the Additional Trust Consideration is not paid in full on the Addition Date, Deferred Consideration shall be payable in respect of such Replenishment Loan.

If the Issuer, or the Collateral Administrator on behalf of the Issuer, accepts the offer, the Originator shall add such additional Included Loan Advances to the Loans Trust and such additional Included Loan Advances shall be subject to the Loans Trust on the Addition Date.

The Collateral Administrator shall administer the Included Loan Advances and the Cash Administrator shall administer the collections in respect thereof on behalf of the Originator including keeping a record of amounts received by the Loans Trustee from the relevant Obligors in respect of Included Loan Advances. The Collateral Administrator shall also prepare a report containing information on the Included Loan Advances on a monthly basis.

Under the Administration Agreement, the Cash Administrator is required amongst other things:

- (i) to establish the Issuer Accounts in the name of the Issuer for the purpose of receiving such funds transferred to the Issuer,
- (ii) to collate the information acquired by it in relation to the Notes,
- (iii) to prepare and distribute to Noteholders the Investor Reports on a monthly basis,

- (iv) to effect payments into and out of the Issuer Accounts,
- (v) to carry out calculations,
- (vi) to effect payments in accordance with the relevant Priority of Payments,
- (vii) to calculate and transfer the Reconciliation Amount,
- (viii) to calculate the Overcollateralisation Tests,
- (ix) to assist the Collateral Administrator, following a request by the Collateral Administrator, in determining whether the Eligibility Criteria, Portfolio Criterion and the Replenishment Criteria (as appropriate) are satisfied.
- (x) to determine, allocate and procure the transfer of amounts received by the Loans Trustee in respect of the Included Loan Advances to an Issuer Account (corresponding to the Investor Interest) and to the Originator Beneficiary (corresponding to the Originator Interest), and
- (xi) to calculate the Excess AMS Consideration, the Nominal Deferred Consideration Percentage, the Applied Deferred Consideration Percentage, the Applied Deferred Consideration and the aggregate Deferred Consideration paid in respect of Included Loan Advances.

Termination of the appointment of the Collateral Administrator and/or the Cash Administrator

The Issuer (prior to the delivery of an Acceleration Notice and with the prior written consent of the Note Trustee) or (following delivery of an Acceleration Notice), the Note Trustee Holdings (in respect of Clause 5.3 of the Administration Agreement only) and/or the Originator, may by written notice to the Transaction Parties terminate the appointment of the Collateral Administrator, and/or the Cash Administrator, upon the occurrence of any of the following:

- (i) a default by the Collateral Administrator or the Cash Administrator (as appropriate) in ensuring the payment on the due date of any payment required to be made by it under the Administration Agreement and such default not being remedied during the specified cure period (other than to the extent such default is due to (a) a technical or administrative default over which the Collateral Administrator or the Cash Administrator has no control or (b) any default by the Issuer, the Originator or a third party (including any Swap Provider));
- (ii) the Collateral Administrator's or the Cash Administrator's (as appropriate) wilful default, bad faith, gross negligence, or fraud in the performance of or material breach of its obligations under the Administration Agreement;
- (iii) it is or will become unlawful for the Collateral Administrator or the Cash Administrator (as appropriate) to perform or comply with any of its obligations under the Transaction Documents;
- (iv) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Administrator or Cash Administrator (as appropriate) in or pursuant to the Administration Agreement to be correct in any material respect when made and, if capable of remedy, the Collateral Administrator or Cash Administrator (as appropriate) fails (within 30 days of the Collateral Administrator or Cash Administrator (as appropriate) discovering, or being notified of, such error, whichever occurs first) to take such action so that such representation, warranty, certification or statement (after giving effect to such action) is correct in all material respects to the reasonable satisfaction of the Issuer (prior to the delivery of an Acceleration Notice and with the prior written consent of the Note Trustee) or following delivery of an Acceleration Notice) the Note Trustee or Holdings;
- (v) the Collateral Administrator or the Cash Administrator (as appropriate) being prevented or severely hindered for a period of 60 days or more from complying with its obligations as a result of force majeure and the force majeure continues for 30 calendar days after the Issuer or the Note Trustee has given notice of the force majeure; or
- (vi) any Insolvency Event occurs in respect of the Collateral Administrator or the Cash Administrator (as appropriate).

If any of the events specified in (i) to (vi) inclusive above occurs, the Collateral Administrator or, as the case may be, the Cash Administrator shall, upon becoming aware of the occurrence of such event, give prompt written notice thereof to the Issuer, the Originator, the Note Trustee and the Noteholders.

The Collateral Administrator or as the case may be, the Cash Administrator may retire its appointment the Administration Agreement upon not less than 60 days' prior written notice.

Where the appointment of the Collateral Administrator or Cash Administrator (as appropriate) is terminated, the Originator or the Issuer and Holdings shall appoint a successor Collateral Administrator or Cash Administrator (as appropriate) prior to the termination of the outgoing Collateral Administrator or Cash Administrator (as appropriate) becoming effective. In the event that a successor Collateral Administrator or Cash Administrator (as appropriate) is not so appointed, the outgoing Collateral Administrator or Cash Administrator (as appropriate) may appoint a reputable Collateral Administrator or Cash Administrator (as appropriate) with relevant experience in European structured finance securities as successor Collateral Administrator or Cash Administrator (as appropriate). The termination of the appointment of the Collateral Administrator or the Cash Administrator will only be effective when a relevant successor Cash Administrator or Collateral Administrator (as appropriate) has been appointed.

Account Bank Agreement

Under the Account Bank Agreement, the Issuer Account Bank will, at the request of the Cash Administrator on behalf of the Issuer, open and maintain the relevant Issuer Account. Amounts standing to the credit of an Issuer Account (except for the Swap Collateral Account) from time to time may be invested by the Cash Administrator in Permitted Investments denominated in the same currency as the relevant Issuer Account from which the applicable amounts are drawn for investment and for the avoidance of doubt the balance standing to the credit of any Issuer Account shall include any such Permitted Investments from time to time.

The Issuer Account Bank shall at all times be financial institutions having the Issuer Account Bank Required Rating. In the event that the Issuer Account Bank no longer satisfies the Issuer Account Bank Required Rating, it shall notify the Issuer, the Cash Administrator and the Note Trustee promptly and the Issuer (with the prior written consent of the Note Trustee) and following the delivery of an Acceleration Notice, the Note Trustee, shall use reasonable endeavours to procure (i) that a replacement Issuer Account Bank, satisfying the Issuer Account Bank Required Rating is appointed in accordance with the provisions of the Account Bank Agreement or (ii) that a guarantor of the Issuer Account Bank rated at least the Issuer Account Bank Required Rating, in each case within 60 calendar days.

The Administration Agreement and the Account Bank Agreement will be governed by English law.

SECURITY ARRANGEMENTS

Subject to and under the terms of the Note Trust Deed, the Issuer with full title guarantee as continuing security for the payment or discharge of the Secured Amounts will, subject to the right of redemption of the Issuer, has created the following security interest in favour of the Note Trustee for itself and on trust for the Noteholders and other Secured Creditors:

- (a) a first fixed charge over the Issuer's present and future rights, title and interest (and all entitlements or benefits relating thereto) in and to each Permitted Investment and any other investments, in each case held by the Issuer from time to time (where such rights are contractual rights other than contractual rights, the assignment of which would require the consent of a third party), including, without limitation, all monies received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time thereon, thereto or in respect thereof or in substitution therefore and the proceeds of sale, repayment and redemption thereof;
- (b) a first fixed charge over the Issuer's right, title and interest (and all entitlements or benefits relating thereto) in and to the Investor Interest in the Loans Trust, and any other investments, in each case held by or on behalf of the Issuer, where such assets are contractual rights not assigned by way of security pursuant to paragraph (a) above including, without limitation, all monies received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time thereon, thereto or in respect thereof or in substitution therefore and the proceeds of sale, repayment and redemption thereof;
- (c) a first fixed charge over the Issuer's right, title and interest in and to the Issuer Accounts (and, in the case of the Swap Collateral Account, only to the extent applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under the Swap Agreement) and any other bank or other accounts in which the Issuer may at any time have or acquire any benefit;
- (d) an assignment by way of security of the Issuer's right, title and interest in and to each Transaction Document (other than the Note Trust Deed and the Note Purchase Agreement);
- (e) a first fixed charge over all monies held from time to time by the Paying Agent on behalf of the Issuer for payment of principal, interest or other amounts on the Notes;
- (f) an assignment by way of security of the Issuer's present and future rights under the Swap Agreement (subject to the application of any netting and set-off provisions contained therein) and the Swap Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to the Swap Agreement; **provided that** such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof); and
- (g) a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital.

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to the Note Trust Deed.

The floating charge created by the Note Trust Deed shall be postponed to any valid fixed charges which remain outstanding under the Note Trust Deed from time to time and any rights of the Issuer to deal with the assets subject to the floating charge shall be expressly subject to any restrictions placed on dealing with those assets contained in any fixed charge over the same.

HEDGING ARRANGEMENTS

Introduction

The interest rates on some of the Included Loan Advances in the Portfolio are payable by reference to bases other than three-month sterling LIBOR and determined on different dates. However, the interest rates payable by the Issuer with respect to the Notes are calculated by reference to three-month Sterling LIBOR set on a LIBOR Determination Date.

To hedge against the possible variance between:

- (a) the variable rates of interest payable on the Included Loan Advances in the Portfolio and the dates on which those rates are set; and
- (b) three-month Sterling LIBOR, set on the relevant LIBOR Determination Date,

the Issuer, on or about the Issue Date, will enter into the Swap Agreement with the Swap Provider.

The Swap Agreement will govern the terms of the swap transaction (the "**Swap Transaction**") documented under a swap confirmation (the "**Swap Confirmation**").

The Swap Transaction

Under the Swap Transaction on each Payment Date occurring during the term of the Swap Transaction prior to the occurrence of an early termination:

- (i) the Swap Provider shall have an obligation to pay to the Issuer an amount (the "**Floating Payment**") equal to the product of:
 - (a) the Principal Amount Outstanding of the Class A Notes and the Class B Notes as such amount may be reduced in accordance with the terms of the Swap Confirmation,
 - (b) the relevant rate for three-month Sterling LIBOR (plus a spread as specified in the Swap Confirmation),
 - (c) the relevant Day Count Fraction,
- (ii) the Issuer shall have an obligation to pay to the Swap Provider an amount (the "**Fixed Payment**") equal to the lesser of,
 - (a) the balance on the Interest Account (excluding the balance of the Issuer Profit Ledger of the Interest Account and amounts identified as Interest Smoothing Amounts) as of the final day of the relevant period, and
 - (b) the product of (A) and (B) divided by (C), where:
 - (A) is the balance on the Interest Account (excluding the balance of the Issuer Profit Ledger of the Interest Account and amounts identified as Interest Smoothing Amounts) as of the final day of the relevant period,
 - (B) is the Notional Amount on the first day of the relevant period, and
 - (C) is the sum of: (1) the Average Principal Account Balance in respect of the relevant period, and (2) the Average Performing Funded Aggregate Balance Portfolio in respect of the relevant period.

The Floating Payment will be included in the Available Revenue Funds (excluding any (i) Swap Collateral (including interest and other income deriving there from), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts) and will be applied on the relevant Payment Date according to the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments (as applicable).

Under the terms of the Swap Agreement, in the event that the relevant ratings of the Swap Provider are downgraded by a Rating Agency below the Required Swap Rating, the Swap Provider will, in accordance

with the terms of the Swap Agreement, be required to elect to take certain remedial measures at its own cost within the time frame stipulated in the Swap Agreement which may include providing collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Subsequent Required Swap Rating, procuring another entity with the Subsequent Required Swap Rating to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action (or in action) that would result in the Rating Agency continuing the then current rating of the Notes or restoring it to the level it was at immediately prior to such downgrade event.

Termination under the Swap Agreement

The Swap Transaction under the Swap Agreement may be terminated by the Swap Provider in certain circumstances including, but not limited to, the following:

- (a) if there is a failure by the Issuer to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Issuer (as set out in the Swap Agreement);
- (c) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement;
- (d) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed (i) on a swap payment to be made by the Swap Provider which results in the Swap Provider being obliged to gross up its payments under the terms of the Swap Agreement, or (ii) on a swap payment to be made by the Issuer;
- (e) if the Swap Provider is further contractually subordinated in the Priorities of Payments or there is an amendment to the Transaction Documents that means the Swap Provider ceases to be a Secured Creditor;
- (f) if any of the Transaction Documents is amended without the Swap Provider's prior written consent, where such amendment could have an adverse effect on the interests of or place additional obligations on Swap Provider under the Swap Agreement or Transaction Documents; and
- (g) if the Note Trustee serves an Acceleration Notice on the Issuer pursuant to Condition 11 (*Events Of Default*).

The Swap Transaction under the Swap Agreement may be terminated by the Issuer in certain circumstances, including but not limited to, the following:

- (a) if an Event of Default or Termination Event (as defined in the Swap Agreement) has occurred in respect of the Swap Provider under the Swap Agreement and any applicable grace period has expired including, but not limited to:
 - (i) if certain insolvency events occur with respect to the Swap Provider;
 - (ii) if a breach of a provision of the Swap Agreement by the Swap Provider is not remedied within the applicable grace period;
 - (iii) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (b) if the Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement.

Upon an early termination of the Swap Transaction, either the Issuer or the Swap Provider may be liable to make a swap termination payment to the other. Any such swap termination payment will be calculated and paid in Sterling. The amount of any such swap termination payment will be based on the market value of the swap transaction which is being terminated as determined on the basis of quotations sought from leading dealers as to the payment required to be made in order to enter into a transaction that would

have the effect of preserving the economic equivalent of the respective payment obligations of the parties (or based upon a good faith determination of one of the party's 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 include any unpaid amounts that became due and payable prior to the date of termination. If the Issuer is required to make such payment to the Swap Provider then the Issuer may not have sufficient funds to make payments due in respect of the Notes and to the extent that one or more comparable replacement swap transactions cannot be entered into, the Issuer will be exposed on a continuing basis to the possible variance between the variable rates payable on the Included Loan Advances in the Portfolio and three-month Sterling LIBOR and the Issuer may have insufficient funds to make payments due on the Notes on an ongoing basis.

The Swap Provider may, subject to certain conditions specified in the Swap Agreement, transfer its obligations under the Swap Agreement to another entity **provided that** such entity has the Subsequent Required Swap Rating.

The Swap Provider will be obliged to gross up payments made by it to the Issuer under the Swap Agreement in certain circumstances if withholding taxes are imposed on such payments, although in such circumstances the Swap Provider may terminate the Swap Transaction early. The Issuer will not be obliged to gross up payments made by it to the Swap Provider under the Swap Agreement if withholding taxes are imposed on such payments, however the Swap Provider may have the right to terminate such Swap Transaction in such circumstances. If either the Swap Provider or the Issuer terminates any Swap Transaction then the Issuer may be required to pay (or entitled to receive) a swap payment. In such case, payment by the Issuer of such swap termination payment may affect amounts available to the Issuer to pay interest and principal on the Notes.

For the purposes of the above provisions, "**Subsequent Required Swap Rating**" means that issuer credit rating (in the case of S&P) or the long-term senior unsecured debt rating (in the case of Moody's) of the relevant entity or its guarantor are rated no lower than:

- (i) "BBB-" by S&P (long term) or "A-3" by S&P (short term) (Subsequent S&P Required Rating); and
- (ii) "Baa3" (Qualifying Transfer Trigger Rating) by Moody's (long term) or "Baa2" (Qualifying Collateral Trigger Rating) by Moody's (long term).

Replacement

In the event that the Swap Transaction is terminated prior to its scheduled termination date and prior to the service of an Acceleration Notice or the redemption in full of the Rated Notes, the Issuer shall use reasonable efforts to enter into a replacement swap agreement. There can be no assurance that the Issuer will be able to enter into a replacement swap agreement or, if one is entered into, as to the terms of the replacement swap agreement or the credit rating of the replacement swap provider. Depending on the circumstances prevailing in the market at the time, the Issuer or the replacement swap provider may be liable to make a payment to the other in order to enter into a replacement swap agreement. If such payment is payable by the Issuer, such payment is referred to herein as a "**Swap Replacement Payment**". If such payment is payable by the replacement swap provider, such payment is referred to herein as a "**Swap Replacement Receipt**". If such payment is a Swap Replacement Receipt, any such amount received by the Issuer will be credited to the relevant Swap Collateral Account and used to pay any termination payment due to the original Swap Provider in respect of the terminated Swap Transaction. If such payment is a Swap Replacement Payment, the Issuer may not have sufficient funds to make such payment and therefore may be unable to enter into a replacement swap agreement. The Issuer shall pay the amount of any Swap Replacement Receipt directly to the Swap Provider in payment towards any termination payment owed by the Issuer to the original Swap Provider and payment of such amount shall not be subject to any Priority of Payments unless the Issuer has fully discharged its payment obligation to the original Swap Provider in respect of such termination payment in which case any remaining portion of the Swap Replacement Receipt shall become part of the Available Revenue Funds.

Taxation

The Issuer is not obliged under the Swap Agreement to gross up payments made by it if withholding taxes are imposed on payments made under the Swap Agreement.

In certain circumstances the Swap Provider is obliged to gross up payments made by it to the Issuer if certain withholding taxes are imposed on payments made by it to the Issuer under the Swap Agreement. The imposition of withholding taxes on payments made by the Swap Provider or the Issuer under the Swap Agreement will constitute a Tax Event (as defined in the Swap Agreement) and will give the Swap Provider a right to terminate the Swap Transaction subject to the terms thereof.

The Issuer shall pay directly to the Swap Provider the amount of any Swap Tax Credit it obtains and payment of such amount shall not be subject to any Priority of Payments.

Swap Agreement - Credit Support Annex

On or around the Issue Date, the Swap Provider and the Issuer will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) (the "**Credit Support Annex**") in support of the obligations of the Swap Provider under the Swap Agreement. Pursuant to the terms of such Credit Support Annex, if at any time the Swap Provider is required to provide collateral in respect of any of its obligations under the Swap Agreement, the Credit Support Annex will provide that, from time to time, subject to the conditions specified in the Credit Support Annex and the Swap Agreement, the Swap Provider will make transfers of collateral to the Issuer in respect of its obligations under the Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Credit Support Annex.

The Issuer will keep all Swap Collateral received from the Swap Provider pursuant to the Credit Support Annex including interest and other income deriving therefrom), in separate cash and/or securities accounts (the "**Swap Collateral Account**"). The Issuer may only make payments or transfers utilising any monies and securities held in the Swap Collateral Account if such payments and transfers are made in accordance with the terms of the Credit Support Annex and/or Swap to make payments to the Swap Provider in relation to amounts that represent Swap Tax Credits unless Swap Tax Credits and/or Replacement Receipts are credited to the Swap Collateral Account in which case such credits or receipts as the case may be, may be withdrawn from the Swap Collateral Account and paid to the Swap Provider as described in Condition 8.2.7. Amounts standing to the credit of the Swap Collateral Account will not, upon enforcement of the Security, be available to the Secured Creditors generally and may only be applied in satisfaction of amounts owing by the Swap Provider, or to be repaid to the Swap Provider, in accordance with the terms of the Swap Agreement. There may be circumstances where no amount is owing by the Swap Provider. In such circumstances the transferred collateral must be returned to the Swap Provider.

The Swap Agreement will be governed by English Law.

TERMS AND CONDITIONS OF THE NOTES

The issue of £2,560,000,000 Class A Notes due 2030 (the "**Class A Notes**"), the £120,000,000 Class B Notes due 2030 (the "**Class B Notes**" and together with the Class A Notes, the "**Rated Notes**"), the £520,100,000 Class S Notes due 2030 (the "**Class S Notes**" and together with the Rated Notes, the "**Notes**") by Lingfield 2014 I plc (the "**Issuer**") was authorised by a resolution of the board of directors of the Issuer dated 16 December 2014. The Notes are constituted by a trust deed (together with all other documents or agreements entered into from time to time by the Issuer in order to grant security over any of the Charged Assets to the Note Trustee, the "**Note Trust Deed**") dated on or about the Issue Date between (amongst others) the Issuer and Deutsche Trustee Company Limited in its capacity as note trustee (the "**Note Trustee**" which expression shall include all Persons for the time being the note trustee or note trustees under the Note Trust Deed) for itself and for the other Secured Creditors.

These Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed (which includes the forms of the Notes). The following agreements will be entered into in relation to the Notes in addition to the Note Trust Deed:

- (a) an agency agreement dated on or about the Issue Date (the "**Agency Agreement**") between, among others, the Issuer, Deutsche Bank AG, London Branch, as paying agent (the "**Paying Agent**", which term shall include any successor or substitute paying agent appointed pursuant to the terms of the Agency Agreement), as agent bank (the "**Agent Bank**", which term shall include any successor or substitute agent bank as may be appointed pursuant to the terms of the Agency Agreement) and Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**") and which terms shall include an successor or substitute registrar appointed pursuant to the terms of the Agency Agreement) and the Note Trustee;
- (b) an administration agreement dated on or about the Issue Date (the "**Administration Agreement**") between, among others, the Issuer, the Note Trustee, Lloyds Bank plc as Collateral Administrator (the "**Collateral Administrator**" and which term shall include any successor or replacement Collateral Administrator appointed pursuant to the terms of the Administration Agreement) and Lloyds Bank plc as Cash Administrator (the "**Cash Administrator**" and which term shall include any successor or replacement Cash Administrator appointed pursuant to the terms of the Administration Agreement);
- (c) a corporate services agreement dated on or about the Issue Date (the "**Corporate Services Agreement**") between the Issuer and Structured Finance Management Limited as corporate services provider (the "**Corporate Services Provider**");
- (d) an originator trust deed on or about the Issue Date (the "**Originator Trust Deed**") between the Issuer and Lloyds Bank plc as loans trustee (the "**Loans Trustee**"), the Originator and the Originator Beneficiary;
- (e) a call option agreement on or about the Issue Date (the "**Call Option Agreement**") between the Originator, the Issuer and the Originator Beneficiary;
- (f) an account bank agreement dated on or about the Issue Date (the "**Account Bank Agreement**") between the Issuer and Lloyds Bank plc as the account bank (the "**Issuer Account Bank**", which term shall include any successor or substitute account bank as the case may be appointed pursuant to the terms of the Account Bank Agreement);
- (g) ISDA Master Agreement (Multicurrency Cross Border) entered into between the Issuer and the Swap Provider (as defined below) dated on or about the Issue Date (the "**Swap Agreement**"), together with the Schedule, Confirmations and the Credit Support Annex (each as defined therein) relating thereto, entered into between the Issuer and the Swap Provider, as amended, supplemented, novated or replaced from time to time and including any guarantee thereof entered into pursuant to the terms thereof and including any replacement swap agreement entered into in replacement thereof); and
- (h) an incorporated terms memorandum dated on or about the Issue Date (the "**Incorporated Terms Memorandum**") by the Transaction Parties.

The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Note Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement, the Originator Trust Deed, the Call Option Agreement, the Administration Agreement, the Account Bank Agreement, the Swap Agreement, the Corporate Services Agreement and the Incorporated Terms Memorandum.

Copies of the articles of association of the Issuer, the Note Trust Deed, the Agency Agreement, the Originator Trust Deed, the Call Option Agreement, the Administration Agreement, the Account Bank Agreement, the Swap Agreement, the Corporate Services Agreement and the Incorporated Terms Memorandum are available for inspection, upon reasonable notice and during usual business hours at the registered office of the Issuer and at the Specified Office of the Paying Agent for the time being.

In these terms and conditions, the following terms shall have the following meanings:

"Acceleration Notice" means a notice delivered by the Note Trustee to the Issuer (copied to the Originator, the Loans Trustee, the Collateral Administrator, the Cash Administrator, the Agents, the Swap Provider and the Issuer Account Bank) in accordance with Condition 11 (*Events of Default*) which declares the Notes to be immediately due and payable.

"Addition Date" means (i) in respect of a Further Advance, the date on which such Further Advance is made by the Originator to an Obligor or (ii) in respect of a Replenishment Loan, the date on which such Replenishment Loan is added to the Loans Trust.

"Additional Trust Consideration" means an amount equal to (i) in respect of the Replenishment Loan, 99 per cent. of the Aggregate Principal Balance of such Replenishment Loan or (ii) in respect of a Further Advance, 99 per cent. of the Aggregate Principal Balance of such Further Advance to be paid by the Issuer, or the Cash Administrator on the Issuer's behalf, in accordance with the Originator Trust Deed.

"Adjusted Funded Aggregate Principal Balance" means

- (i) for the purposes of determining the S&P Recovery Rate in respect of a Defaulted Obligation, an amount equal to the Funded Aggregate Principal Balance of such Defaulted Obligation multiplied by the applicable S&P Recovery Rate, as detailed in the Administration Agreement, in respect of such Defaulted Obligation, and, in respect of Included Loan Advances with an S&P Rating of CCC+ or lower in excess of 5.0% of the Maximum Portfolio Balance, the Funded Aggregate Principal Balance of such Included Loan Advances multiplied by 70%; and
- (ii) for the purposes of calculating the Moody's Recovery Rate in respect of a Defaulted Obligation, an amount equal to the Funded Aggregate Principal Balance of such Defaulted Obligation multiplied by 30%. And in respect of Included Loan Advances with a Moody's Rating of Caa1 or lower in excess of 7.5% of the Maximum Portfolio Funded Principal Balance the Funded Aggregate Principal Balance of such Included Loan Advances multiplied by 0.

"Administrative Expenses" means, collectively, all fees, costs and expenses, including payments in respect of any indemnity, due and payable by the Issuer on a *pro rata* basis, to or on account of:

- (a) the formation of the Issuer and any annual return, filing, registration and registered office fees;
- (b) the Corporate Services Provider under the Corporate Services Agreement (including to the directors of the Issuer in respect of any directors fees (if any));
- (c) the Agents, the Issuer Account Bank, the Collateral Administrator and the Cash Administrator under the Administration Agreement and the Loans Trustee under the Originator Trust Deed or any other Transaction Document;
- (d) the Irish Stock Exchange and any listing agent;
- (e) the Rating Agencies;
- (f) the auditors and legal counsel of the Issuer;

- (g) any further fees, costs and expenses of the Issuer including, without limitation, any custodial fees (other than any amounts payable under the Swap Agreement);
- (h) any amounts necessary to ensure the orderly dissolution of the Issuer; and
- (i) any applicable value added tax required to be paid by the Issuer in respect of any of the foregoing.

"**Administrative Expenses Cap**" means for each Cap Annual Period an amount, per annum as at the Determination Date immediately preceding the applicable Annual Anniversary Date or, in the case of the first Cap Annual Period, the Issue Date, equal to the sum of (i) £200,000, (ii), for the fee payable to the Collateral Administrator, the product of (A) 0.0014 and (B) the sum of the daily ending balance of the Funded Aggregate Principal Balance on each day in the period divided by the number of days in such period and (iii), for the fee payable to the Cash Administrator Fee, the product of (A) 0.0001, and (B) the sum of the daily ending balance of the Funded Aggregate Principal Balance on each day in the period divided by the number of days in such period.

"**Advance**" means each amount paid or otherwise made available to the Obligors pursuant to an Included Loan Advance.

"**Affiliate**" means in relation to any party, a holding company, subsidiary or fellow subsidiary of such party or body corporate in which such party is substantially interested.

"**Agents**" means collectively, the Paying Agent, the Registrar and the Agent Bank and each, an "**Agent**".

"**Aggregate Principal Balance**" means in relation to any Included Loan Advance as at any given date, the aggregate of:

- (a) the original principal amount advanced to the relevant Obligor and any Further Advances on or before the given date to the relevant Obligor which may be secured or intended to be secured by the Related Security, if any;
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Loan Agreement or with the relevant Obligor's consent and added to the amounts owed by the Obligor under such Loan Agreement; and
- (c) any other amount not included in (A) or (B) above (other than accrued and unpaid Interest) which is due or has accrued (whether or not due) and which has not been paid by the relevant Obligor and has not been capitalised in accordance with any relevant Loan Agreement or with the relevant Obligor's consent but which is owed by the Obligor under such Loan Agreement,

as at the end of the Business Day immediately preceding that given date, less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any Further Advance committed to be made but not made by the end of the Business Day immediately preceding that given date.

"**All Moneys Security**" means a Mortgage or other type of security constituting an all moneys security standing as security for any indebtedness an Obligor owes or may owe to the Originator from time to time as well as the relevant Included Loan Advance.

"**AMS Excess**" shall be an amount equal to the greater of (i) the total amount allocated to the Issuer representing the Investor Interest in respect of the enforcement proceeds received in respect of an All Moneys Security *minus* the Funded Aggregate Principal Balance in respect of the relevant Included Loan Advance to which such All Moneys Security applies and (ii) zero.

"**Ancillary Rights**" means in relation to a Right, all ancillary rights, accretions and supplements to such Right, including, without limitation, any guarantees or indemnities in respect of such Right.

"**Annual Anniversary Date**" means the Payment Date falling in January of each year.

"**Applied Deferred Consideration**" in respect of an Included Loan Advance shall be an amount determined by the Cash Administrator on any Business Day being equal to the lower of (a) the Applied

Deferred Consideration Percentage multiplied by the amount of Principal Receipts related to such Included Loan Advance (including any related Further Advance) transferred to the Issuer corresponding to the Investor Interest and (b) the actual amount of Deferred Consideration due and payable by the Issuer on the relevant date of determination, **provided that** for an Included Loan Advance which has become a Defaulted Obligation, the Applied Deferred Consideration Percentage referred to in item (a) shall be the Nominal Deferred Consideration Percentage in respect of such Included Loan Advance from (and including) the date on which such Included Loan Advance has become a Defaulted Obligation.

"Applied Deferred Consideration Percentage" in respect of an Included Loan Advance shall be determined by the Cash Administrator on any Business Day being the greater of (a) the Nominal Deferred Consideration Percentage and (b) 100 per cent.

"Arranger" means Lloyds Bank plc in its capacity as arranger under the Note Purchase Agreement.

"Associated Debt" means any indebtedness an Obligor owes or may owe to the Originator from time to time which is not an Included Loan Advance but which is secured by an All Moneys Security.

"Authorised Denomination" means, in respect of the Rated Notes represented by Global Note Certificates, £100,000 and any amount in excess thereof in integral multiples of £1,000.

"Authorised Officer" means, with respect to the Issuer, any Director of the Issuer or person who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

"Available Funds" means, on any Determination Date, the aggregate of Available Revenue Funds and Available Principal Funds.

"Available Principal Funds" means, in respect of any Payment Date, the amount calculated by the Cash Administrator on the Determination Date immediately preceding such Payment Date equal to the sum of the Principal Proceeds paid into the Principal Account during the relevant Collection Period excluding (i) an amount from the Principal Receipts that shall be paid to the Originator in respect of Deferred Consideration or Excess AMS Consideration and (ii) an amount from the Principal Receipts that shall be paid to the Originator as a result of the relevant Monthly Reconciliation.

"Available Revenue Funds" means, in respect of any Payment Date, the amount calculated by the Cash Administrator on the Determination Date immediately preceding such Payment Date (excluding any (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts) equal to the sum of (without double counting):

- (a) the Interest Proceeds including, for the avoidance of doubt, any interest credited to the Issuer Accounts (other than the Swap Collateral Account) during the relevant Collection Period but excluding (i) an amount from the Revenue Receipts that shall be paid to the Originator in respect of Deferred Consideration or Excess AMS Consideration and (ii) an amount from the Revenue Receipts that shall be paid to the Originator as a result of the relevant Monthly Reconciliation;
- (b) amounts applied in accordance with paragraphs (i) and (ii) of the Pre-Acceleration Principal Priority of Payments on such date;
- (c) payments (if any) to be received from the Swap Provider on such Payment Date under the Swap Agreement (excluding any (i) Swap Collateral and (ii) termination payments received by the Issuer from the Swap Provider to the extent such payment is used by the Issuer to acquire a replacement swap transaction following early termination of the Swap Transaction);

provided that the Issuer Profit Amount once allocated to the Issuer Profit Ledger pursuant to the relevant Priority of Payments shall no longer form part of Available Revenue Funds.

"Average Performing Funded Aggregate Balance Portfolio" means, in respect of a relevant period, the sum of the daily ending balance of the Funded Aggregate Principal Balance of the Portfolio less the daily amount of Defaulted Obligations on each day in such period divided by the number of days in such period.

"Average Principal Account Balance" means, in respect of a relevant period, the sum of the daily ending balance of the Principal Account Balance on each day in such period divided by the number of days in such period.

"Benefit" in respect of any asset, agreement, property or right (each a **"Right"** for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach.

"Block Voting Instruction" means, in relation to any Meeting, a document in the English language issued by the Registrar:

- (a) certifying that:
 - (i) certain specified Notes (each a **"Blocked Note"**) have been blocked in an account with a clearing system and will not be released until the conclusion of the Meeting and that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Registrar that the votes attributable to each relevant Note held by it are to be cast in a particular way on each resolution to be put to the Meeting; or
 - (ii) each registered Holder of certain specified Notes (each a **"Relevant Note"**) or a duly authorised person on its behalf has instructed the Registrar that the votes attributable to such Relevant Note held by it are to be cast in a particular way on each resolution to be put to the Meeting; and

in each case that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

- (b) listing the principal amount of Blocked Notes and Relevant Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (c) authorising a named individual or individuals to vote in respect of the Blocked Notes and the Relevant Notes in accordance with such instructions.

"Business Day" means a day on which commercial banks are open for business in London and Dublin.

"Call Option" has the meaning given to such term in Condition 5.7 (*Mandatory Redemption in whole upon exercise of a Call Option*).

"Call Option Rating" means (i) a long-term issuer credit rating of at least "BBB" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-2" by S&P) and (ii) a long-term senior unsecured debt rating of at least "Baa2" by Moody's, or in each case such other ratings that are consistent with the published criteria of each Rating Agency.

"Cap Annual Period" means the period from (and including) the Issue Date to (and including) the first Annual Anniversary Date and, thereafter, each successive twelve-month period running from (but excluding) an Annual Anniversary Date to (and including) the immediately following Annual Anniversary Date.

"Charged Assets" means any and all of the Issuer's assets comprised in the Security.

"Class" shall be a reference to a class of the Notes being the Class A Notes, the Class B Notes and the Class S Notes and **"Classes"** shall be construed accordingly.

"Class A Interest Payment" means the interest payments due and payable on the Class A Notes pursuant to the Conditions.

"Class A Note Rate" means LIBOR plus 0.95 per cent. per annum.

"Class A Noteholders" means the holders of the Class A Notes.

"Class A Overcollateralisation Ratio" means on each Measurement Date, the ratio (expressed as a percentage) obtained by dividing:

- (i) the sum of:
 - (a) the Funded Aggregate Principal Balance of each Included Loan Advance (other than a Defaulted Obligation); plus
 - (b) the Adjusted Funded Aggregate Principal Balance of each Included Loan Advance which is a Defaulted Obligation; plus
 - (c) any amounts standing to the credit of the Principal Account,

by

- (ii) the Principal Amount Outstanding of the Class A Notes.

"Class A Overcollateralisation Test" will be satisfied on any Measurement Date if the Class A Overcollateralisation Ratio exceeds the Class A Overcollateralisation Test Threshold.

"Class A Overcollateralisation Test Threshold" means 117.5 per cent.

"Class B Interest Payment" means the interest payments due and payable on the Class B Notes (excluding any Previous Interest).

"Class B Note Rate" means LIBOR plus 1.50 per cent. per annum.

"Class B Noteholders" means the holders of the Class B Notes.

"Class B Overcollateralisation Ratio" means on each Measurement Date, the ratio (expressed as a percentage) obtained by dividing:

- (i) the sum of
 - (a) the Funded Aggregate Principal Balance of each Included Loan Advance (other than a Defaulted Obligation); plus
 - (b) the Adjusted Funded Aggregate Principal Balance of each Included Loan Advance which is a Defaulted Obligation; plus

(c) any amounts standing to the credit of the Principal Account,

by

(ii) the Principal Amount Outstanding of the Class A Notes and the Class B Notes.

"**Class B Overcollateralisation Test**" will be satisfied on any Measurement Date if the Class B Overcollateralisation Ratio exceeds the Class B Overcollateralisation Test Threshold.

"**Class B Overcollateralisation Test Threshold**" means 112.5 per cent.

"**Class S Interest Payment**" means the interest payments in relation to the Class S Notes.

"**Class S Noteholders**" means the holders of the Class S Notes.

"**Clearstream**" means Clearstream Banking S.A., Luxembourg.

"**Collection Accounts**" means the account or accounts operated by the Collection Account Bank into which amounts received by the Originator from the Obligors in relation to the Included Loan Advances are deposited.

"**Collection Account Bank**" means Lloyds Bank plc or any successor collection account bank.

"**Collection Account Bank Required Rating**" means a long-term issuer credit rating of at least "BB+" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-3" by S&P), or such other ratings that are consistent with the published criteria of each Rating Agency.

"**Collections**" means principal receipts and revenue receipts in respect of an Included Loan Advance.

"**Collection Period**" means each consecutive three calendar months immediately prior to a Payment Date and the first Collection Period shall commence from (and including) the Issue Date to (and including) the last calendar day of March 2015.

"**Conditions**" means the terms and conditions to be endorsed on the Notes in, or substantially in, the form scheduled to the Note Trust Deed as the same may be modified from time to time in accordance with the Note Trust Deed.

"**Credit Impaired Obligation**" means any Included Loan Advance which, (i) in the opinion of the Collateral Administrator (a) has a significant risk of declining in credit quality and, with the lapse of time, may become a Defaulted Obligation, or (b) is declining in credit quality, or (ii) is a Defaulted Obligation.

"**Credit Support Annex**" means the 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into on or around the Issue Date by the Swap Provider and the Issuer.

"**Day Count Fraction**" means the actual number of days in an Interest Period divided by 365.

"**Defaulted Obligation**" means an Included Loan Advance:

- (a) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, (i) disregarding any grace periods applicable thereto or (ii) in the case of any Included Loan Advance in respect of which the Originator has certified to the Note Trustee in writing that, to the knowledge (based on publicly available information) of the Originator, such default has resulted from non-credit related causes, for the lesser of three (3) Business Days and any grace period applicable thereto, in each case which default entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, but only until such default has been cured;
- (b) in respect of which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor under such Included Loan Advance;
- (c) in respect of which the Originator becomes aware (based on publicly available information) that the Obligor thereunder is in default as to payment of principal and/or interest on another

obligation, save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, (and such default has not been cured), but only if both such other obligation and the Included Loan Advance are full recourse, unsecured obligations and the other obligation is senior to, or *pari passu* with, the Included Loan Advance in right of payment;

- (d) that the Originator, acting on behalf of the Issuer, determines in its reasonable business judgment, the credit quality of the Obligor of such Included Loan Advance has significantly deteriorated such that the Originator has a reasonable expectation of payment default as of the next scheduled payment date with respect to such Included Loan Advance; or
- (e) in respect of which the long term rating of the Obligor is below Caa3 by Moody's or rated below CCC- by S&P.

provided that in each case, the Originator will only act on publicly available information.

"Defaulted Swap Settlement Payments" means any amount payable to the Swap Provider upon termination of the Swap Transaction following the occurrence of (a) an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Provider is the Defaulting Party (as defined in the Swap Agreement) or (b) an early termination of the Swap Transaction occurring as a result of a failure by the Swap Provider to take the action required under the Swap Agreement following the downgrade of its rating by the Rating Agencies.

"Deferred Consideration" means an amount (if any) due and payable on any Business Day which shall be:

- (a) an amount equal to the Investor Interest in the Aggregate Principal Balance of the relevant Included Loan Advances (including any Replenishment Loans or Further Advances) on the Issue Date or, as the case may be, the Addition Date, minus
- (b) the amount of Initial Trust Consideration or, as the case may be, Additional Trust Consideration, in respect of an Included Loan Advance paid by the Issuer on the Issue Date or, as the case may be, the Addition Date and any Deferred Consideration paid previously in respect of such Included Loan Advance.

"Delayed Draw Obligation" means a Sterling Delayed Draw Obligation or a Multi-Currency Delayed Draw Obligation, as the case may be.

"Determination Date" means five Business Days prior to each Payment Date or, in the case of the Note Maturity Date, five Business Days prior to the Note Maturity Date.

"Early Prepayment Charge" means, to the extent levied by the Originator, any charge or fee which the conditions applicable to an Included Loan Advance require the relevant Obligor to pay if, during a specified period after drawdown agreed between the Originator and the Obligor, it makes a principal repayment in addition to the contractual payment then due under the Included Loan Advance.

"Early Repayment Amount" means, in the event of an early termination of an Included Loan Advance, all amounts due under the applicable Included Loan Advance.

"EC Treaty" means the Treaty establishing the European Community signed in Rome on 25 March 1957, as amended from time to time, including by the Treaty on European Union signed in Maastricht on 7 February 1992.

"EU" means the European Union.

"euro" and **"€"** denote the single unified currency that was introduced in participating member states of the European Union on 1 January 1999.

"Euroclear" means Euroclear Bank S.A./N.V.

"European Economic Area" means the European Union and Iceland, Norway and Liechtenstein.

"**Euro-zone**" means the region comprising member states of the European Union that have adopted the single currency, the euro, in accordance with the EC Treaty.

"**Event of Default**" means each of the events listed in Condition 11 (*Events of Default*).

"**Excess AMS Consideration**" shall on any Allocation Date be the aggregate of the AMS Excess (if any) received into an applicable Collection Account on that Allocation Date.

"**Extraordinary Resolution**" means a resolution passed at a Meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment) duly convened and held in accordance with the provisions for meetings of Noteholders set out in Schedule 4 (*Provisions for Meetings of Noteholders*) of the Note Trust Deed by a majority of more than 66 $\frac{2}{3}$ per cent. of the votes cast.

"**Final Discharge Date**" means the date on which the Note Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts and/or all other moneys and other liabilities due or owing by the Issuer have been paid or discharged in full subject to the limited recourse provisions of the Transaction Documents.

"**Fixed Payment**" means any amount scheduled to be paid to a Swap Provider by the Issuer under the Swap Agreement excluding any Swap Settlement Payments, any Defaulted Swap Settlement Payments or any Swap Replacement Payments and, for the avoidance of doubt, excluding any return of Swap Collateral or interest on Swap Collateral, any Swap Tax Credits and any Swap Replacement Receipts.

"**Fixed Semi-Annual Obligations**" means Semi-Annual Obligations that bears a fixed rate of interest.

"**Floating Payment**" means any amount scheduled to be paid to the Issuer by the Swap Provider under the Swap Agreement, excluding any Swap Provider Termination Payment and any Swap Collateral.

"**Floating Semi-Annual Obligations**" means Semi-Annual Obligations that bears a floating rate of interest.

"**Form of Proxy**" means, in relation to any Meeting, a document in the English language available from the Registrar signed by a Noteholder or, in the case of a corporation, executed under its seal or signed on its behalf by a duly authorised officer and delivered to the Registrar not later than 48 hours before the time fixed for such Meeting, appointing a named individual or individuals to vote in respect of the Notes held by such Noteholder.

"**FSMA**" means the United Kingdom Financial Services and Markets Act 2000 (as amended).

"**Funded Amount**" means drawn amounts under any Included Loan Advance.

"**Funded Aggregate Principal Balance**" means on any date the Investor Interest in the Aggregate Principal Balance in relation to an Included Loan Advance minus any Deferred Consideration payable by the Issuer in respect of such Included Advance.

"**Further Advance**" means any further advance or other increase drawn down by an Obligor following the Issue Date pursuant to the terms of the relevant Loan Agreement which may become part of the Loans Trust Property pursuant to the terms of the Originator Trust Deed.

"**Global Note Certificate**" means any global note certificate issued in respect of the Rated Notes.

"**Guarantee**" means each guarantee in support of the obligations of a Obligor under an Included Loan Advance.

"**Holdings**" means Lingfield 2014 I Holdings Limited in its capacity as shareholder of the Issuer.

"**Included Loan Advance**" means any loan advance (including for the avoidance of doubt, any Replenishment Loan or Further Advance) and all proceeds thereof which form part of the Loans Trust Property in accordance with the Originator Trust Deed excluding any waiver fees, late payment fees, commitment fees, syndication fees and all other fees and commissions received by the Originator in respect of such Included Loan Advance which shall not form part of the Loans Trust Property.

"Individual Note Certificates" means any individual note certificates issued in respect of the Notes.

"Initial Loans Trust Property" means the Loans Trust Property on the Issue Date.

"Initial Trust Consideration" means the consideration which is paid by the Issuer to the Originator on the Issue Date in relation to the Initial Portfolio equal to 99 per cent. of the Aggregate Principal Balance of the Initial Portfolio at the close of business on the Business Day immediately preceding the Issue Date.

"Insolvency Event" means, with respect to a company:

- (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or
- (b) the value of the assets of such company is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- (c) a moratorium is declared in respect of any indebtedness of such company; or
- (d) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; or
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company; or
 - (ii) an encumbrancer (excluding, in relation to the Issuer, the Note Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company which is not discharged or otherwise ceases to apply within 14 days; or
 - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment or assignation for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or
 - (iv) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Note Trustee or any Receiver); or
- (f) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (e) above (inclusive), in any jurisdiction.

"Insolvency Official" means, in relation to a company, a liquidator (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Note Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class), provisional liquidator, administrator, examiner, administrative receiver, Receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

"Interest Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement.

"Interest Payment" means the Class A Interest Payment or the Class B Interest Payment, as appropriate.

"Interest Period" means each period commencing on (and including) a Payment Date and ending on (and excluding) the following Payment Date; and, in relation to a LIBOR Determination Date, the **"Related Interest Period"** means the Interest Period next commencing on such LIBOR Determination Date.

"Interest Proceeds" means all amounts standing to the credit of the Interest Account from time to time.

"Interest Smoothing Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement.

"Interest Smoothing Amount" means an amount equal to:

1. the sum of all payments of interest received during the relevant Collection Period in respect of each Semi-Annual Obligation; *in excess of*
2. the sum of
 - (i) the product of:
 - (A) 0.25; multiplied by
 - (B) the sum of:
 - (1) LIBOR (as of the relevant Determination Date); *plus*
 - (2) the Weighted Average Spread of the total of Floating Semi-Annual Obligations ; *multiplied by*
 - (C) the Funded Aggregate Principal Balance (excluding Defaulted Obligations) of all Floated Semi-Annual Obligations; and
 - (ii) the product of:
 - (A) 0.25; multiplied by
 - (B) the sum of:
 - (1) the Weighted Average Cost of the total of Fixed Semi-Annual Obligations ; *multiplied by*
 - (C) the Funded Aggregate Principal Balance (excluding Defaulted Obligations) of all Fixed Semi-Annual Obligations; and

provided that, such amount may not be less than zero and following redemption in full of the Rated Notes or if the Funded Aggregate Principal Balance of the Semi-Annual Obligations is less than or equal to 5 per cent. of the total Funded Aggregate Collateral Balance of the Portfolio, such amount shall be deemed to be zero.

"Investment Company Act" means the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

"Investor Interest" means the 99 per cent. fixed undivided beneficial interest in the Loans Trust Property acquired by the Issuer Beneficiary pursuant to the Originator Trust Deed.

"Investor Report" means the monthly report to be produced by the Cash Administrator and delivered to Noteholders, the Issuer and the Paying Agent in accordance with the Administration Agreement and made available upon written request to any Noteholder requesting it from the registered office of the Issuer or the Specified Office of the Paying Agent.

"ISDA Master Agreement" means the International Swaps and Derivatives Association Inc., Master Agreement 1992 (Multi-Currency Cross Border) Edition.

"Issue Date" means 19 December 2014 (or such other date as the Issuer and the Arranger may agree).

"Issue Measurement Date" means 30 September 2014.

"Issuer Account Bank Required Rating" means (i) a long-term issuer credit rating of at least "BBB-" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, a short-term issuer credit rating of at least "A-3" by S&P) and (ii) a long-term senior unsecured debt rating of at least "Baa3" by Moody's, or in each case such other ratings that are consistent with the published criteria of each Rating Agency.

"Issuer Accounts" means, collectively, the Principal Account, Interest Account, Payment Account, Swap Account, Note Proceeds Account, the Interest Smoothing Account, Swap Termination Account and Swap Collateral Account and each, an **"Issuer Account"**.

"Issuer Beneficiary" means the Issuer in its capacity as a beneficiary of the Loans Trust.

"Issuer Covenants" means the covenants made by the Issuer under the Incorporated Terms Memorandum.

"Issuer Profit Amount" means an amount as described by the Directors of the Issuer which shall be £7,000 on each of the Payment Dates falling in 2015 and thereafter £1000 per annum, credited in equal portions on each Payment Date to the Issuer Profit Ledger of the Interest Account and to be retained by the Issuer as profit in respect of the business of the Issuer.

"Issuer Profit Ledger" means the ledger opened by the Cash Administrator and designated the Issuer Profit Ledger in the Interest Account.

"Issuer's Jurisdiction" means England and Wales except for the purpose of United Kingdom taxation when it shall mean the United Kingdom.

"Issuer Surrender Receipt" means an amount equal to 99 per cent. of the Reacquisition Proceeds received by the Loans Trustee which shall be paid to the Issuer by the Loans Trustee in consideration of the surrender by the Issuer of its beneficial interest in the relevant Included Loan Advances.

"Liabilities" means, in respect of any person, any losses, damages, costs, fees, charges, awards, claims, demands, expenses, judgments, actions, proceedings (or threats of any actions or proceedings) or other liabilities whatsoever including fees and expenses of any legal advisors or accounting or investment banking firms employed by the Note Trustee and/or any Agent under the Note Trust Deed and/or the Agency Agreement and any Taxes and penalties incurred by that person on a full indemnity basis.

"LIBOR" for each Interest Period means the rate for deposits in Sterling for a period of three months which appears on Reuters Page LIBOR 01 as of 11:00 a.m. (London time) on the LIBOR Determination Date (other than the first Interest Period, which will be determined by a linear interpolation of the rate for deposits in Sterling for a period of three months and six months), all as determined by the Agent Bank. If Reuters Page LIBOR 01 is not available or if no such quotation appears thereon, in each case as at such time, the Agent Bank shall request the Reference Banks selected to provide the Agent Bank with its offered quotation (expressed as a percentage rate per annum) for three-month deposits in Sterling at approximately 11:00 a.m. (London time) on the relevant LIBOR Determination Date (other than the first Interest Period, which will be determined by a linear interpolation of the rate for deposits in Sterling for a period of three months and six months) to prime banks in the London inter-bank market for the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time. If two or more of the selected Reference Banks provide the Agent Bank with such offered quotations, LIBOR for such Interest Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point). If on the relevant LIBOR Determination Date fewer than two of the selected Reference Banks provide the Agent Bank with such offered quotations, LIBOR for such Interest Period shall be the rate per annum which the Agent Bank determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point) of the rates communicated to (and at the request of) the Agent Bank by major banks in London, selected by the Issuer, at approximately 11:00 a.m. (London time) on such LIBOR Determination Date for loans in Sterling to leading European banks for such Interest Period and in an amount that is representative for a single transaction in that market at that time.

"LIBOR Determination Date" means, for each Interest Period, the first Business Day of such Interest Period and, in respect of the first Interest Period, the Issue Date.

"Loans Trust" means the trust constituted by the Originator pursuant to the Originator Trust Deed over the Loans Trust Property originated by the Originator.

"Loans Trust Property" means:

- (a) all of the Originator's Benefit in, to and under all Included Loan Advances;
- (b) all of the Originator's Benefit in, to and under all monies due or to become due in payment of such Included Loan Advances, comprising accrued and unpaid revenue receipts, principal receipts and Reacquisition Proceeds (not including commitment fees or other fees payable as at the date of inclusion in the Loans Trust of such Included Loan Advances or Early Prepayment Charges);
- (c) all of the Originator's Benefit in, to and under all monies relating to such revenue receipts, principal receipts and Reacquisition Proceeds (whether on deposit in the Collection Accounts or otherwise) and income, if any, earned on such monies (not including commitment fees or other fees payable as at the date of inclusion in the Loans Trust of such Included Loan Advance or Early Prepayment Charges);
- (d) all of the Originator's Benefit in and to any Related Security;
- (e) all of the Originator's Benefit in and to any Related Enforcement Proceeds;
- (f) all of the Originator's Benefit in, to and under the Loan Agreements to the extent related to the Included Loan Advances and capable of being the subject of the Loans Trust (including, without limitation, rights in respect of any insurance, Guarantee, security, or collateral in relation thereto and rights to direct the agent to exercise certain powers in relation to any Syndicated Loan); and
- (g) all proceeds of enforcement of any All Moneys Security which secures any Included Loan Advance (including any such proceeds which relate to Associated Debt).

"Measurement Date" means:

- (a) the Issue Date;
- (b) the Addition Date;
- (c) each Determination Date; and
- (d) with reasonable (and not less than two Business Days') notice, any Business Day requested by holders of the majority of the Principal Amount Outstanding of the Most Senior Class of Notes.

"Meeting" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).

"Monthly Period" means, for each Monthly Reconciliation Date, the preceding calendar month **provided that** the first Monthly Period shall commence on the Issue Date.

"Monthly Reconciliation" means the determination by the Cash Administrator (on behalf of the Originator) on each Monthly Reconciliation Date of (A) the amounts actually received from Obligors during the Monthly Period allocable to Included Loan Advances corresponding to the Investor Interest under the Loans Trust and (B) the amounts transferred from the Collection Accounts to the relevant Issuer Account during the Monthly Period (taking into account amounts representing the Deferred Consideration transferred by the Cash Administrator to the Originator, pursuant to the provisions of the Originator Trust Deed).

"Monthly Reconciliation Date" means the 5th Business Day of each calendar month and the first Monthly Reconciliation Date shall be 8 January 2015.

"Moody's" means Moody's Investor Service, Inc. together with any successor to any such person.

"Moody's Rating" means, with respect to any Included Loan Advance, the rating determined as follows:

- (i) if there is a corporate family rating assigned by Moody's to the debt obligations of such of the Obligor, the most recent such rating of such Obligor;
- (ii) if there is no such corporate family rating referred to in (i) above, then if there is a long-term rating assigned by Moody's to the debt obligations of such of the Obligor, the most recent such rating of such Obligor; or
- (iii) if (i) or (ii) above do not apply, the Moody's mapped equivalent of the grade assigned to an Obligor using the Originator's credit model for grading corporate entities in accordance with the internal procedures of the Originator as communicated by Moody's from time to time,

provided that, in the case of any credit rating under (i) above, if (A) such Obligor is on watch for downgrade, two notches below the Moody's Rating, (B) such Obligor is on negative watch, one notch below the Moody's Rating and (C) such Obligor is on watch for upgrade, one notch above the Moody's Rating.

"Mortgage" means a first fixed charge by way of legal mortgage securing an Included Loan Advance.

"Most Senior Class" means:

- (a) if, and for so long as any Class A Notes are outstanding, the Class A Notes;
- (b) if, and for so long as any Class B Notes are outstanding (but no Class A Notes are outstanding), the Class B Notes; and
- (c) if, and for so long as any Class S Notes are outstanding (but no Class A Notes or Class B Notes are outstanding), the Class S Notes.

"Multi-Currency Delayed Draw Obligation" means an Included Loan Advance in relation to which the Originator may be required to make one or more future advances in a currency or currencies in addition to Sterling to the Obligor thereunder and which does not permit re-borrowing of any amounts previously repaid.

"Multi-Currency Obligation" means an Included Loan Advance in relation to which the Originator has or will make available advances in a currency or currencies in addition to Sterling (which includes Multi-Currency Delayed Draw Obligations and Multi-Currency Revolving Obligations).

"Multi-Currency Revolving Obligation" means an Included Loan Advance in relation to which the Originator may be required to make one or more future advances in a currency or currencies in addition to Sterling to the Obligor thereunder and which permits re-borrowing of any amounts previously repaid.

"Nominal Deferred Consideration Percentage" in respect of an Included Loan Advance shall be a percentage determined by the Cash Administrator on any Business Day calculated by reference to (i) the total amount of Deferred Consideration due and payable by the Issuer in respect of such Included Loan Advance on such date divided by (ii) an amount equal to the Investor Interest in the Aggregate Principal Balance in respect of such Included Loan Advance on such date, **provided that**, if an Included Loan Advance has become a Defaulted Obligation since the previous determination date and if as a result of which the Aggregate Principal Balance in respect of such Included Loan Advance has been reduced, on such date, the total amount of Deferred Consideration due and payable by the Issuer in respect of such Included Loan Advance which has become a Defaulted Obligation shall be reduced by an amount determined by the Cash Administrator by reference to the same percentage of the reduction of the Aggregate Principal Balance on such date.

"Non-Credit Impaired Obligation" means an Included Loan Advance other than a Credit Impaired Obligation.

"Note Maturity Date" means the Payment Date falling in October 2030.

"Note Principal Payment" means, on any Payment Date and in relation to any Class of Notes, the amount, determined by the Cash Administrator on behalf of the Issuer in accordance with the Priority of Payments, available to redeem such Class of Notes, divided by the number of Notes in that Class.

"Note Proceeds Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement.

"Note Purchase Agreement" means the note purchase agreement dated on or about the Issue Date between, amongst others, the Arranger and the Issuer.

"Note Rate" means the Class A Note Rate or the Class B Note Rate, as appropriate.

"Note Trustee Fees and Expenses" means the fees (including, without limitation, legal fees), costs, claims, indemnities, charges, disbursements, liabilities and expenses and all other amounts payable by the Issuer to the Note Trustee and any receiver, agent or delegate appointed by it pursuant to the Note Trust Deed or any other Transaction Document from time to time.

"Noteholders" means the holders of the Notes from time to time.

"Notes" means the Rated Notes and the Class S Notes.

"Notional Amount" means, in relation to each relevant period other than the initial relevant period, the Principal Amount Outstanding of the Notes on the first day of the relevant period *minus* the greater of (i) zero, and (ii) such amount as represents such portion (if any) of the Principal Write-Off Ledger as exceeds the Principal Amount Outstanding of the Class S Notes, in each case as determined by the Cash Administrator and notified by such party, pursuant to the terms of the Administration Agreement, to Issuer and Swap Provider prior to the first day of such relevant period.

"Obligor" means, in respect of an Included Loan Advance, the borrower thereunder or issuer thereof or, in either case, the guarantor thereof.

"Official List" means the official list of the Irish Stock Exchange to which the Rated Notes will be admitted.

"Originator" means Lloyds Bank plc.

"Originator Asset Covenants" means the covenants of the Originator set out in Clause 11 (*Covenants by the Originator*), Clause 13 (*Originator's Obligations in Administering Included Loan Advances*) and Schedule 1 (*Originator Covenants*) Part B (*Asset Covenants of the Originator*) of the Originator Trust Deed.

"Originator Beneficiary" means the Originator in its capacity as a beneficiary of the Loans Trust.

"Originator Interest" means the 1 per cent. fixed undivided beneficial interest of the Originator Beneficiary in the Loans Trust Property granted to the Originator Beneficiary pursuant to the Originator Trust Deed.

"Outstanding" means, in relation to the Notes, all the Notes other than:

- (a) those Notes which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those Notes in respect of which the date for redemption, in accordance with the relevant Conditions, has occurred and the redemption moneys (including premium (if any) and all interest payable in respect thereof and any interest payable under the relevant Conditions after such date) have been duly paid to the Note Trustee or to the Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Noteholders in accordance with Condition 20 (*Notices*) of the Conditions) and remain available for payment against presentation of the relevant Notes;
- (c) those Notes which have become void under Condition 16 (*Prescription*);
- (d) those Notes, if any, which have been purchased and surrendered for cancellation pursuant to Condition 17 (*Replacement of Note Certificates*) and notice of the cancellation of which has been given to the Note Trustee;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any Meeting, a Written Resolution and any other direction or request by the holders of the Notes of any Class or Classes;
- (ii) the determination of how many and which of the relevant Notes are for the time being Outstanding for the purposes of Clauses 11 (*Enforcement of Security*), 18 (*Appointment, Retirement and Removal of Note Trustee*) and 7 (*Waiver, Determination and Modification*) of the Note Trust Deed, Schedule 4 (*Provisions for Meetings of Noteholders*) of the Note Trust Deed and Conditions 11 (*Events of Default*), 12 (*Enforcement*) and 14 (*Meetings of Noteholders*); and
- (iii) any discretion, power or authority (whether contained in the Note Trust Deed or vested by operation of law) which the Note Trustee is required, expressly or implicitly, to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain Outstanding.

"Overcollateralisation Ratio" means the Class A Overcollateralisation Ratio or the Class B Overcollateralisation Ratio, as appropriate.

"Overcollateralisation Test" means the Class A Overcollateralisation Test or the Class B Overcollateralisation Test, as appropriate.

"Overcollateralisation Test Threshold" means the Class A Overcollateralisation Test Threshold or the Class B Overcollateralisation Test Threshold, as appropriate.

"Payment Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement.

"Payment Date" means 20th of January, April, July and October in each year, commencing on 20th April 2015 and ending on the Note Maturity Date or, if such date is not a Business Day, the following Business Day.

"Permitted Investment" means (i) Sterling denominated government securities paying a fixed rate of interest or (ii) Sterling demand or time deposits or certificates of deposit, in each case at the applicable market rate (provided such rate is not greater than the par value of the relevant debt obligation) for the relevant time period at that time **provided that** in all cases:

- (a) the issuing or guaranteeing entity (including in respect of sovereign issuers) or the entity with which the demand or time deposits are made has an issuer credit rating at least "A-2" by S&P and its' short-term unsecured, unguaranteed and unsubordinated debt obligations is at least "P-2" by Moody's or such other ratings that are consistent with the published criteria of each Rating Agency;
- (b) such investment is due to mature prior to the following Payment Date;
- (c) no investments will be acquired if they would be subject to withholding tax whilst held in the name of the Issuer;
- (d) following the downgrade of the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity (including in respect of sovereign issuers) or the entity with which the demand or time deposits are made falls below "A-2" by S&P and "P-2" by Moody's or other such rating that are consistent with the published criteria of each Rating Agency, such Permitted Investment shall be removed by the Cash Administrator within 60 calendar days following such downgrade without incurring additional costs to be borne by the Issuer; and
- (e) the investment must be repayable or redeemable at its par amount;

"Person" includes any person, individual, firm, company, corporation, government, state or agency of a state or any undertaking (within the meaning of section 1161(1) of the Companies Act 2006) or other association (whether or not having separate legal personality) or any two or more of the foregoing.

"Portfolio" means the Included Loan Advances and Related Security, if any, and all collections and receipts derived therefrom from time to time.

"Post-Acceleration Priority of Payments" means the priority of payments described in Condition 7.3 (*Post-Acceleration Priority of Payments*).

"Potential Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition would constitute an Event of Default.

"Pre-Acceleration Revenue Priority of Payments" means the priority of payments set out in Condition 7.1 (*Pre-Acceleration Revenue Priority of Payments*).

"Pre-Acceleration Principal Priority of Payments" means the priority of payments set out in Condition 7.2 (*Pre-Acceleration Principal Priority of Payments*).

"Previous Interest" has the meaning given to it in Condition 4.3 (*Previous Interest*).

"Principal Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement.

"Principal Account Balance" means, on any day, the balance on the Principal Account at the end of such day.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue *less* the aggregate amount of any principal payments in respect of that Note which have become due and payable and have been paid on or prior to that day *plus* for the avoidance of doubt, that element of the Principal Amount Outstanding which represents Previous Interest which has been capitalised pursuant to Condition 4.3 (*Previous Interest*);
- (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes Outstanding in such Class; and
- (c) in relation to the Notes Outstanding at any time, the aggregate of the amount in (a) in respect of all Notes Outstanding, regardless of Class.

"Principal Proceeds" means all amounts standing to the credit of the Principal Account from time to time.

"Principal Receipts" means all amounts transferred by the Originator to the Issuer under items (i) and (ii) of Condition 8.2.1 (*Payments to and from the Issuer Accounts - Principal Account*).

"Principal Write-Off Ledger" means the principal write-off ledger established and maintained by the Collateral Administrator and on which amounts of any Principal Shortfalls are to be recorded from time to time.

"Priority of Payments" means, together, the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Acceleration Priority of Payments.

"Priority Payments" has the meaning set out in Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*).

"Prospectus" means this prospectus issued in connection with the listing of the Rated Notes on the Irish Stock Exchange, dated on or about 18 December 2014 in respect of the Notes.

"Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the Prospectus to be published when Securities Are Offered to the Public or Admitted to Trading and Amending Directive 2001/34/EC, and includes any relevant implementing measure in each Relevant Member State.

"Proxy" means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction or a Form of Proxy other than:

- (a) any person whose appointment has been revoked and in relation to whom the Paying Agent or the Registrar have been notified in writing of such revocation by the time which is 48 hours before the time fixed for such Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the Meeting when it is resumed.

"Rated Notes" means the Class A Notes and the Class B Notes.

"Rating Agencies" means S&P and Moody's and **"Rating Agency"** means each of them.

"Rating Agencies Confirmations" means receipt of written confirmation from each Rating Agency then rating the Notes that the relevant action, determination or appointment will not result in a downgrade or withdrawal or suspension of any of the ratings then assigned to the Notes rated by the Rating Agencies **provided that** the Rating Agencies shall not be obliged to issue a Rating Agencies Confirmation and in circumstances where a Rating Agency is not willing to issue a Rating Agencies Confirmation due to its then prevailing policy regarding the issue of Rating Agencies Confirmations, an Authorised Signatory of the Issuer, the Swap Provider or the Issuer Account Bank as the case may be, has certified in writing to the Note Trustee that it has given reasonable notice to the Rating Agencies of the proposed action, determination or appointment and in its opinion, formed on the basis of due consideration that such action, determination or appointment would not result in: (i) a downgrade withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency; or (ii) such Rating Agency placing any Notes on rating watch negative (or equivalent) and **"Rating Agencies Confirmation"** means each of them.

"Reacquisition Proceeds" means all proceeds received by the Loans Trustee upon the reacquisition of the Issuer's Investor Interest and the Originator Beneficiary's Originator Interest in any Included Loan Advances by the Originator, excluding any Reacquisition Proceeds representing accrued interest designated as revenue receipts by the Cash Administrator in accordance with the Administration Agreement, **provided that** no such designation may be made in respect of proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until the principal of such Defaulted Obligation has been repaid in full, but including, any fees received upon such sale or other disposition and any recoveries received in respect of any Defaulted Obligation up to its principal amount outstanding and in each case (if applicable) net of any amounts expended by or payable by the Originator in connection with the sale, disposition or termination of such Included Loan Advance, **provided further that**, the amount of the Reacquisition Proceeds shall be no less than the Aggregate Principal Balance of such Included Loan Advance together with accrued but unpaid interest.

"Receiver" means any receiver, manager, receiver or manager, or administrative receiver appointed in respect of the Issuer by the Note Trustee in accordance with the provisions of the Note Trust Deed.

"Redemption Date" means the scheduled date of redemption of the Notes pursuant to Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or Condition 5.8 (*Optional Redemption in whole for taxation reasons*) as applicable.

"Reference Banks" means four major banks in the London inter-bank market selected and appointed by the Issuer for the purposes of determining LIBOR.

"Refund" means any receipt or payment received from a Tax Authority for or on account of Tax.

"Regulation S" means Regulation S under the Securities Act.

"Related Enforcement Proceeds" means the proceeds of the enforcement of any Related Security, to the extent that such proceeds are not already subject to the trust declared over, *inter alia*, the Included Loan Advances and any Related Security.

"Reinvestment Threshold" means 20 per cent. of the Funded Aggregate Principal Balance of all Included Loan Advances at the beginning of a 12 month period.

"Related Security" means, in relation to an Included Loan Advance, any security for the repayment of that Included Loan Advance including the relevant Mortgage or other type of security and, in respect of any syndicated loan, means the rights of the Originator to the security for the repayment of such syndicated loan and all other matters applicable thereto which, as part of the Portfolio, form part of the Loans Trust Property pursuant to the Originator Trust Deed.

"Relevant Member State" means each member state of the European Economic Area that has implemented the Prospectus Directive.

"Replenishment Criteria" means the replenishment criteria set out in Schedule 3 (*Eligibility Criteria, Portfolio Criterion and Replenishment Criteria*) to the Originator Trust Deed.

"Replenishment Loan" means any Included Loan Advance which has been added to the Loans Trust Property in accordance with the provisions of the Originator Trust Deed after the Issue Date but prior to the expiry of the Replenishment Period in accordance with the Replenishment Criteria (and excluding any Further Advance).

"Replenishment Period" means a period from and including the Issue Date up to and including the earliest of (i) the Payment Date falling in July 2017 or (ii) the date on which an Acceleration Notice is served or (iii) the date on which a Trust Pay Out Event occurs.

"Required Swap Rating" means (i) a long-term issuer credit rating of at least "BBB" by S&P (or, where no long-term issuer credit rating by S&P is available but a short-term issuer credit rating is available, the short-term issuer credit rating of at least "A-2" by S&P) and (ii) a long-term senior unsecured debt rating of at least "Baa2" (Qualifying Collateral Trigger) by Moody's or, as applicable "Baa3" (Qualifying Transfer Trigger) by Moody's, or in each case such other ratings that are consistent with the published criteria of each Rating Agency.

"Reserved Matter" means any proposal (a) to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity; (b) (except in accordance with Condition 19 (*Substitution of Issuer*) and Clause 8 (*Substitution*) of the Note Trust Deed) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (c) to change the currency in which amounts due in respect of the Notes are payable; (d) to alter the priority of payment of interest or principal in respect of the Notes; (e) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or (f) to amend this definition.

"Revenue Receipts" means:

- (a) all cash payments of interest in respect of the Investor Interest in the Included Loan Advances (including recoveries on Defaulted Obligations allocated as Revenue Receipts by the Collateral Administrator but only to the extent such recoveries are greater than the principal amount outstanding on such Defaulted Obligation); and
- (b) all accrued interest included in any Issuer Surrender Receipt that is designated by the Collateral Administrator (acting on behalf of the Issuer) as Revenue Receipts pursuant to the Administration Agreement, which are allocable to the Investor Interest.

"Revenue Shortfall" means on a Determination Date if the Cash Administrator determines that in respect of the Pre-Acceleration Revenue Priority of Payments, the Available Revenue Funds on the Payment Date immediately following such Determination Date (excluding for these purposes any Available Principal Funds to be applied as part of the Available Revenue Funds on such date) will be insufficient to meet the

Issuer's obligations (A) under paragraph (i) through (including) (vi) of the Pre-Acceleration Revenue Priority of Payments to the extent that any Class A Notes remain outstanding; (B) following the redemption in full of the Class A Notes, under paragraph (i) through (including) (viii) of the Pre-Acceleration Revenue Priority of Payments to the extent that any Class B Notes remain outstanding,

(the total amount of such insufficiency, being the "**Revenue Shortfall Amount**").

"**Revolving Obligation**" means a Sterling Revolving Obligation or a Multi-Currency Revolving Obligation, as the case may be.

"**Secured Amounts**" means the aggregate of all moneys and liabilities (present or future or actual or contingent) which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes or the Transaction Documents.

"**Secured Creditors**" means the Note Trustee in its own capacity, any Receiver appointed by the Note Trustee in its own capacity, the Noteholders, the Loans Trustee, the Agents, the Collateral Administrator, the Cash Administrator, the Corporate Services Provider and the Swap Provider.

"**Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations thereunder.

"**Security**" means the security created in favour of the Note Trustee pursuant to the Note Trust Deed.

"**Semi-Annual Obligations**" means Included Loan Advances which, at the relevant date of measurement, pay interest no more frequently than once every 180 days.

"**Senior Expenses Cap**" means for each Cap Annual Period, £200,000 per annum as at the Determination Date immediately preceding the applicable Annual Anniversary Date, or, in the case of the first Cap Annual Period, the Issue Date.

"**S&P**" means Standard & Poor's Ratings Group, a division of the McGraw Hill Companies and any successor or successors thereto.

"**S&P Rating**" means (i) the credit rating assigned to the Obligor of an Included Loan Advance by S&P, (ii) if no such credit rating is assigned, the S&P mapped equivalent of the grade assigned to an Obligor using the Originator's credit model for grading Medium-Sized Enterprises and Corporate Borrower in accordance with the internal procedures of the Originator. For purposes of calculating S&P's Rating, each applicable rating on credit watch by S&P with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

"**Specified Office**" means, in relation to the Paying Agent, and the Agent Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB and in relation to the Registrar 2, Boulevard Konrad Adenauer L-1115 Luxembourg.

"**Sterling Delayed Draw Obligation**" means an Included Loan Advance in relation to which the Originator may be required to make one or more future advances in Sterling only to the Obligor thereunder and which does not permit re-borrowing of any amounts previously repaid; **provided that** any such Included Loan Advance will cease to be a Delayed Draw Obligation when the Unfunded Amount with respect to such Delayed Draw Obligation expires, is terminated or reduced to zero.

"**Sterling Funded Amount**" means any Funded Amount drawn in Sterling in respect of a Multi-Currency Delayed Draw Obligation or a Multi-Currency Revolving Obligation.

"**Sterling Further Advance**" means a Further Advance drawn in Sterling in respect of a Multi-Currency Delayed Draw Obligation or a Multi-Currency Revolving Obligation.

"**Sterling Revolving Obligation**" means an Included Loan Advance in relation to which the Originator may be required to make one or more future advances in Sterling only to the Obligor thereunder and which permits re-borrowing of any amounts previously repaid.

"**Sterling Term Loan**" means any Term Loan which is fully drawn in Sterling.

"Swap Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement.

"Swap Agreement" means an ISDA Master Agreement (together with the Schedule, Confirmation and Credit Support Annex) entered into by the Issuer and the Swap Provider (or its successor) in order to hedge certain interest rate exposure of the Issuer in connection with the issue of the Notes.

"Swap Collateral Account" means an account in such name opened by the Issuer and maintained with the Issuer Account Bank to be operated in accordance with Condition 8.2 (*Payments to and from the Issuer Accounts*) and the Account Bank Agreement to which (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts, are credited.

"Swap Collateral" means any collateral received from the Swap Provider pursuant to the Credit Support Annex which may be in the form of cash and/or securities.

"Swap Provider" means the swap counterparty under the Swap Agreement and any successor thereof pursuant to such Swap Transaction.

"Swap Provider Termination Payment" means any amount payable by a Swap Provider to the Issuer under the Swap Agreement upon termination of the Swap Transaction.

"Swap Replacement Payment" means any amount payable by the Issuer to a replacement swap provider (if any) upon entry into a Swap Replacement Transaction which is replacing the Swap Transaction which was terminated.

"Swap Replacement Receipt" means any amount payable to the Issuer by a replacement Swap Provider (if any) upon entry into a Swap Replacement Transaction which is replacing the Swap Agreement which was terminated.

"Swap Replacement Transaction" means an ISDA Master Agreement (together with the Schedule, Confirmation and Credit Support Annex) entered into by the Issuer in accordance with the provisions of the Administration Agreement upon termination of the existing Swap Transaction, on substantially the same terms as the Swap Agreement and such terminated Swap Transaction, that preserves for the Issuer the economic effect of the terminated Swap Transaction, subject to such amendments thereto as may be approved by the Note Trustee and in respect of which Rating Agencies Confirmations are obtained.

"Swap Settlement Payment" means any unscheduled amount payable to the Swap Provider under the Swap Agreements (including any termination or modification payment) excluding any Defaulted Swap Settlement Payments and, for the avoidance of doubt, any return of Swap Collateral payable by the Issuer to the Swap Provider under the Swap Agreement.

"Swap Tax Credit" means Tax Credit as defined in the Swap Agreement.

"Swap Transaction" means a swap transaction entered into between the Issuer and the Swap Provider under the Swap Agreement.

"Swap Termination Account" means the account of the Issuer with the Issuer Account Bank into which Swap Provider Termination Payments will be paid.

"Syndicated Loan" means an Included Loan Advance originated by a facility agent on behalf of the Originator as one of the syndicate lenders.

"Tax" shall, unless the context otherwise requires, be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any Taxing Authority and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly.

"Tax Deduction" means any deduction or withholding imposed by a Taxing Authority for or on account of any Tax.

"Taxing Authority" means any government, state, municipal, local federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world.

"Term Loan" means any Included Loan Advance which is fully drawn on the date on which it becomes part of Loans Trust Property.

"Transaction" means the issuance of the Notes by the Issuer and payment of the proceeds of such issuance as contemplated by these Conditions.

"Transaction Documents" means, collectively, the Agency Agreement, the Administration Agreement, the Originator Trust Deed, the Originator Power of Attorney, the Call Option Agreement, the Corporate Services Agreement, the Swap Agreement, the Note Purchase Agreement, the Account Bank Agreement, the Incorporated Terms Memorandum, the Note Trust Deed, the Notes and any other document designated as such by the Issuer and the Note Trustee, and a reference to any of the above shall be to each as it may be modified and/or amended and/or supplemented from time to time.

"Transaction Parties" means the parties to the Transaction Documents and **"Transaction Party"** means any one of them.

"Trust Consideration" means the aggregate of the Initial Trust Consideration, the Additional Trust Consideration, any Excess AMS Consideration and, to the extent that the Initial Trust Consideration and/or the Additional Trust Consideration is not paid in full on the Issue Date and/or the relevant Addition Date, the Deferred Consideration.

"Trust Pay Out Event" has the meaning given to it in the Originator Trust Deed.

"Unfunded Amount" means an undrawn amount under any Delayed Draw Obligation.

"Voter" means, in relation to any Meeting, a Proxy or a Noteholder; **provided, however, that** any Noteholder which has appointed a Proxy under a Block Voting Instruction or Form of Proxy shall not be a **"Voter"** except to the extent that such appointment has been revoked and the Registrar notified in writing of such revocation at least 48 hours before the time fixed for such Meeting.

"Weighted Average Cost" shall mean the sum of the product of the Funded Aggregate Principal Balance and the rate of interest in respect of all Semi-Annual Obligations that are fixed rate loans divided by the total Funded Aggregate Principal Balance in respect of all such Semi-Annual Obligations.

"Weighted Average Spread" shall mean the sum of the product of the Funded Aggregate Principal Balance and the margin in respect of all Semi-Annual Obligations that are floating rate loans divided by the total Funded Aggregate Principal Balance in respect of all such Semi-Annual Obligations.

"Wind-up Costs" means (i) the Issuer's operating expenses arising from the day immediately following the Note Maturity Date to the Final Discharge Date and (ii) the fees, costs and expenses payable by the Issuer to the Note Trustee, the Loans Trustee, the Agents, the Corporate Services Provider, the Cash Administrator and the Collateral Administrator.

"Written Resolution" means a resolution in writing signed by or on behalf of more than 66 $\frac{2}{3}$ per cent. of the Holders of the relevant Class of Notes for the time being Outstanding who for the time being are entitled to receive notice of a meeting of Noteholders in accordance with the provisions of Schedule 4 (*Provisions for Meetings of Noteholders*) of the Note Trust Deed whether 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 Notes.

1. **Form and Denomination**

1.1 **Form and Denomination:** The Rated Notes are in registered form and will initially be represented by global notes in registered form ("**Global Notes**"). Individual Note Certificates will only be issued in the circumstances specified in the Global Notes and if issued will be, in respect of the Rated Notes, in Authorised Denominations. Each Individual Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. The Class S Note will be in definitive registered form.

2. **Register, Title and Transfers**

2.1 **Register:** The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

2.2 **Title:** Title to Notes represented by Global Notes shall pass by and upon registration in the Register which the Issuer shall procure to be kept by the Registrar. The registered holder of any Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Note represented by an Individual Note Certificate or a Class S Note shall only pass by and upon registration in the Register **provided that** no transferee shall be registered as a new Class S Noteholder unless such transferee has certified to the Registrar that it is a Qualifying Noteholder. The Individual Note Certificates may be transferred in whole (but not in part) upon the surrender of the relevant Individual Note Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of such Individual Note Certificates are subject to any restrictions on transfer set forth on such Individual Note Certificates and the detailed regulations concerning transfers in the Agency Agreement.

"**Qualifying Noteholder**" means:

- (a) a person which is beneficially entitled to interest in respect of the Class S Notes and is:
 - (i) a company resident in the United Kingdom for United Kingdom tax purposes;
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account payments of interest in respect of the Class S Notes in calculating the chargeable profits within the meaning of Section 19 of the Corporation Tax Act 2009 (the "**CTA**") of that company; or
 - (iii) a partnership each member of which is:
 - (A) a company resident in the United Kingdom for United Kingdom tax purposes; or
 - (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account in calculating its chargeable profits (within the meaning given by section 19 of the CTA) the whole of any share of a payment of interest in respect of the Class S Notes that is attributable to it by reason of Part 17 of the CTA; or
- (b) a person which falls within any of the other descriptions in section 935 or 936 of the Income Tax Act 2007 ("**ITA 2007**") and satisfies any conditions set out therein in order for the interest to be an excepted payment for the purposes of section 930 ITA 2007.

Each new Individual Note Certificate to be issued upon transfer of such Individual Note Certificate will, within five Business Days of receipt and surrender of such Individual Note Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Individual Note Certificate to such address as may be specified in the relevant form of transfer.

Registration of an Individual Note Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

The Notes are not issuable in bearer form.

- 2.3 **Transfers:** Subject to Conditions 2.2 (*Title*), 2.6 (*Closed periods*) and 2.7 (*Regulations concerning transfers and registration*), a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are, in respect of the Rated Notes, Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.
- 2.4 **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with Condition 2.3 (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar has its Specified Office.
- 2.5 **No charge:** The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- 2.6 **Closed periods:** Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- 2.7 **Regulations concerning transfers and registration:** All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.
3. **Status, Ranking, Security and Issuer Covenants**
- 3.1 **Status:** The Notes of each Class constitute direct, secured, limited recourse obligations of the Issuer.
- 3.2 **Ranking:** The Notes of each Class will at all time rank *pari passu* and rateably without any preference among themselves.
- 3.3 **Sole Obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.
- 3.4 **Priority of Interest Payments:** Payments of interest on the Notes will at all times rank in the following order of priority:
- (a) Class A Notes; then
 - (b) Class B Notes; then
 - (c) Class S Notes,
- in accordance with the relevant Priority of Payments.

3.5 **Priority of Principal Payments:** Payments of principal on the Notes will at all times rank in the following order of priority:

- (a) Class A Notes; then
- (b) Class B Notes; then
- (c) Class S Notes,

in accordance with the relevant Priority of Payments.

3.6 **Security:** Subject to and under the Note Trust Deed, the Issuer has created the Security in favour of the Note Trustee for itself and on trust for the Noteholders and the other Secured Creditors as security for the Secured Amounts:

- (a) a first fixed charge over the Issuer's present and future rights, title and interest (and all entitlements or benefits relating thereto) in and to each Permitted Investment and any other investments, in each case held by the Issuer from time to time (where such rights are contractual rights other than contractual rights, the assignment of which would require the consent of a third party), including, without limitation, all monies received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time thereon, thereto or in respect thereof or in substitution therefore and the proceeds of sale, repayment and redemption thereof;
- (b) a first fixed charge over the Issuer's right, title and interest (and all entitlements or benefits relating thereto) in and to the Investor Interest in the Loans Trust, and any other investments, in each case held by or on behalf of the Issuer, where such assets are contractual rights not assigned by way of security pursuant to paragraph (a) above including, without limitation, all monies received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time thereon, thereto or in respect thereof or in substitution therefore and the proceeds of sale, repayment and redemption thereof;
- (c) a first fixed charge over the Issuer's right, title and interest in and to the Issuer Accounts (and, in the case of the Swap Collateral Account, only to the extent applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under the Swap Agreement) and any other bank or other accounts in which the Issuer may at any time have or acquire any benefit;
- (d) an assignment by way of security of the Issuer's right, title and interest in and to each Transaction Document (other than the Note Trust Deed and the Note Purchase Agreement);
- (e) a first fixed charge over all monies held from time to time by the Paying Agent on behalf of the Issuer for payment of principal, interest or other amounts on the Notes;
- (f) an assignment by way of security of the Issuer's present and future rights under the Swap Agreement (subject to the application of any netting and set-off provisions contained therein) and the Swap Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to the Swap Agreement; **provided that** such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof); and
- (g) a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital.

The Security will become enforceable in accordance with Condition 12 (*Enforcement*).

3.7 **Issuer Covenants:** Save as permitted by the Transaction Documents, the Issuer Covenants contain certain covenants in favour of the Note Trustee from the Issuer which, amongst other

things, restrict the ability of the Issuer to create or incur any indebtedness, dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

4. **Interest**

• **Rated Notes**

4.1 **Accrual of Interest:** Each Rated Note bears interest on its Principal Amount Outstanding at the relevant Note Rate from (and including) the Issue Date.

4.2 **Interest Payments:** Subject to the remainder of this Condition 4, interest on each Rated Note is payable in arrear on each Payment Date from (and including) the Payment Date falling in 20th April 2015.

4.3 **Previous Interest:** To the extent that, subject to and in accordance with the relevant Priority of Payments, the funds available to the Issuer to pay interest on any Class of Notes (other than the Most Senior Class of Notes then outstanding) on a Payment Date for such Notes (after payment of or provision for the Issuer's liabilities of a higher priority) are insufficient to pay the full amount of such interest, payment of the shortfall attributable to such Class of Notes ("**Previous Interest**") will not then fall due but will instead be added to the principal amount of the Class B Notes only and thereafter will accrue interest at the rate of interest applicable to the relevant Class of Notes and the failure to pay such Previous Interest to the holders of the Class B Notes, will not be an Event of Default until the Note Maturity Date (whereupon all Previous Interest shall become immediately due and payable) **provided that** if the relevant Class is the Most Senior Class of Notes then outstanding interest shall not be added to the Principal Amount Outstanding of such Class and failure to pay any interest when due (subject to any applicable grace period) will constitute an Event of Default.

On each Payment Date the total amount of Previous Interest in respect of each Class of Notes shall become due and payable in accordance with the relevant Priority of Payments and to the extent not paid on such Payment Date, the interest shall be treated as set out above. In the event that any amount of Previous Interest is paid on a Payment Date, such amount shall be deducted from the Principal Amount Outstanding of the relevant Class of Notes for subsequent Interest Periods.

Previous Interest added to the principal amount of any Note pursuant to this Condition 4.3 shall be included in the Principal Amount Outstanding of any Note for the purposes of determining any voting rights in respect thereof or applicable quorum of any meeting of the Noteholders.

In the event of the delivery of an Acceleration Notice (as described in Condition 12 (*Enforcement*)), 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 interest are paid as provided in the Note Trust Deed.

4.4 **Cessation of Interest:** Each Rated Note shall cease to bear interest from its due date for repayment unless, upon due surrender, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition 4 (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (b) the day which is seven days after the Paying Agent has notified the Noteholders of such Class that it has received all sums due in respect of the Notes of such Class up to such seventh day (except to the extent that there is any subsequent default in payment).

4.5 **Calculation of Interest Payments:** On or as soon as practicable after each LIBOR Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Payment payable on each Class of Rated Notes for the related Interest Period. The Interest Payment payable in respect of each Note shall be calculated by applying the relevant Note Rate to the Principal Amount Outstanding of the relevant Class of Notes and multiplying the product by the

Day Count Fraction and dividing the resulting figure by the number of Notes of such Class outstanding, in each case rounding the resulting figure to the nearest £0.01 (£0.005 being rounded upwards).

4.6 **Calculation period of less than an Interest Period:** Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than an Interest Period, such interest shall be calculated by reference to the number of days in the relevant period divided by 365.

4.7 **Notification of Note Rate, Interest Payment and Payment Date:** As soon as practicable after each LIBOR Determination Date, the Agent Bank will cause:

- (a) the Note Rates for the related Interest Period;
- (b) the Interest Payments for the related Interest Period; and
- (c) the Payment Date immediately following the related Interest Period;

to be notified to the Issuer, the Note Trustee, the Paying Agent, the Cash Administrator and, for so long as the Rated Notes are listed, the Irish Stock Exchange.

4.8 **Publication of Note Rate, Interest Payment and Payment Date:** As soon as practicable after receiving each notification of the Note Rates, the Interest Payments and the Payment Date in accordance with Condition 4.7 (*Notification of Note Rate, Interest Payment and Payment Date*) the Issuer or the Cash Administrator on its behalf will cause such Note Rates, Interest Payments and the next following Payment Date to be published in accordance with Condition 20 (*Notices*).

4.9 **Amendments to Publications:** The Note Rates, the Interest Payments and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

4.10 **Determination or Calculation by Note Trustee:** If the Agent Bank does not at any time for any reason determine each of the Note Rates and each of the Interest Payments in accordance with this Condition 4, the Note Trustee may (but without any liability to any person accruing to the Note Trustee as a result) calculate the relevant Note Rate and the relevant Interest Payment in the manner specified in this Condition 4, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

4.11 **Notification of Availability for Payment:** The Issuer or the Cash Administrator on its behalf shall cause notice of the availability for payment of any Interest Payment arrears in respect of a Class of Notes (and the date of payment thereof in respect of such Class) to be published in accordance with Condition 20 (*Notices*).

- **Class S Notes**

4.12 **Accrual and Interest Payments:** Each Class S Note shall receive by way of interest excess amounts (if any) equal to the Available Revenue Funds remaining following payments made in priority to the Class S Noteholders in accordance with the Pre-Acceleration Revenue Priority of Payments or, after delivery of an Acceleration Notice, the proceeds of enforcement remaining following payments made in priority to the Class S Noteholders in accordance with the Post-Acceleration Priority of Payments.

- **Rated Notes and Class S Notes**

4.13 **Notifications etc. to be Final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Reference Banks (or any of them), the Paying Agent, the Agent Bank or the Note Trustee shall (in the absence of manifest error) be binding on the Issuer and the Noteholders and (in the absence of manifest error) no liability to any such person will attach to the Reference Banks, the Agents or the Note Trustee in connection with the with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 4.

5. **Redemption**

- 5.1 **Final Redemption:** Unless previously redeemed and cancelled as provided in this Condition 5, the Issuer shall redeem the Rated Notes at their Principal Amount Outstanding plus any accrued but unpaid interest on the Note Maturity Date and shall redeem the Class S Notes on the Note Maturity Date at the lower of (a) their Principal Amount Outstanding and (b) each Class S Note's *pro rata* share of the Available Principal Funds available on the Note Maturity Date for redemption of the Class S Notes in accordance with the Priority of Payments.
- 5.2 **Mandatory Early Redemption:** The Notes shall be redeemed in whole or in part (*pro rata* and *pari passu* amongst themselves) on each Payment Date in an amount equal to the Available Principal Funds available for such purpose in accordance with the Pre-Acceleration Principal Priority of Payments until each Class of Notes has been redeemed in full or, in the event that one or more of Overcollateralisation Tests has not been met on such Payment Date, in an amount to be applied for such purpose in accordance with the Pre-Acceleration Revenue Priority of Payments.
- 5.3 **Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt:** Upon receipt of the Issuer Surrender Receipt by the Issuer from the Originator in accordance with Clause 3 (*Originator General Call Option*) of the Call Option Agreement, the Cash Administrator on behalf of the Issuer shall (i) redeem, *pari passu*, the Notes at their Principal Amount Outstanding and (ii) pay accrued but unpaid interest (in respect of the part of the Rated Notes which will be redeemed), on the Payment Date immediately following the date on which the Issuer Surrender Receipt is received, **provided that:**
- (a) if such Issuer Surrender Receipt is received by the Issuer during the Replenishment Period, such Issuer Surrender Receipt shall not form part of the Available Principal Funds for the purposes of the Pre-Acceleration Principal Priority of Payments and shall be applied by the Cash Administrator (on behalf of the Issuer) in redemption of the Rated Notes on a sequential basis;
 - (b) if such Issuer Surrender Receipt is received by the Issuer after the expiry of the Replenishment Period, such Issuer Surrender Receipt shall form part of the Available Principal Funds for the purposes of the Pre-Acceleration Principal Priority of Payments and shall be applied in accordance with Condition 5.2 (*Mandatory Early Redemption*) above.
- 5.4 **Calculation of Note Principal Payment and Principal Amount Outstanding:** On (or as soon as practicable after) each Determination Date, the Issuer shall calculate (or cause the Cash Administrator to calculate):
- (a) the aggregate of any Note Principal Payment due in relation to each Class of Notes on the Payment Date immediately following such Determination Date; and
 - (b) the Principal Amount Outstanding of each Note in each Class on the Payment Date immediately following such Determination Date (after deducting any Note Principal Payment due to be made on that Payment Date in relation to such Class).
- 5.5 **Calculations final and binding:** Each calculation by or on behalf of the Issuer shall (in the absence of any manifest error) be final and binding on all persons.
- 5.6 **Notice of Calculation:** The Issuer or the Cash Administrator on its behalf will cause each calculation of a Note Principal Payment and Principal Amount Outstanding in relation to each Class to be notified immediately after calculation to the Note Trustee, the Agents and, for so long as the Rated Notes are listed, the Irish Stock Exchange and will immediately cause details of each calculation of a Note Principal Payment and Principal Amount Outstanding in relation to each Class to be published in accordance with Condition 20 (*Notices*) by not later than each Payment Date.
- 5.7 **Mandatory Redemption in whole upon the exercise of a Call Option:** Subject to Condition 5.9 (*Conditions to Optional Redemption*), and subject to the exercise of the call option available to the Originator following a breach of the Call Option Rating (the "**Ratings Call Option**") the

Issuer shall redeem all (but not some only) of the Notes of each Class on the Business Day upon which the Issuer Surrender Receipt is received by the Issuer and **provided further that**:

- (a) sufficient Available Principal Funds are available to (A) redeem the Rated Notes in whole at their Principal Amount Outstanding, plus any accrued but unpaid interest and (B) pay all amounts in priority thereto under the relevant Priority of Payments (the "**Priority Payments**"); and
- (b) other than in respect of redemption following a Ratings Call Option, the Class S Noteholders have by Extraordinary Resolution elected that the Notes of their respective Classes be redeemed ("**Call Option**"). The Class S Notes will be redeemed in whole in an amount equal to the then remaining Available Principal Funds available to be distributed to the Class S Noteholders in accordance with the relevant Priority of Payments following payment of the Priority Payments.

5.8 ***Optional Redemption in whole for taxation reasons***: Subject to Condition 5.9 (*Conditions to Optional Redemption*), the Issuer shall redeem all (but not some only) of the Rated Notes at their Principal Amount Outstanding plus any accrued but unpaid interest on any Payment Date and all (but not some only) of the Class S Notes in an amount equal to the then remaining Available Principal Funds available to be distributed to the Class S Noteholders, in each case, in accordance with the relevant Priority of Payments following payment of the Priority Payments:

- (a) after the date on which the Issuer is or will be subject to Tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount during that accounting period; or
- (b) after the date on which the total amount payable in respect of interest in relation to the Included Loan Advances is or will be reduced in aggregate by more than six per cent. as a result of a Tax Deduction as determined by the Cash Administrator including following compensation pursuant to a "gross-up" provision in the relevant Loan Agreement and taking into account any tax Refund the Loans Trustee reasonably expects to obtain; or
- (c) after the date on which any United Kingdom Tax is imposed on or suffered by the Loans Trust or the Loans Trustee in respect of any income, profits or gains arising in respect of the Loans Trust or the Loans Trust Property; or
- (d) subject to Clause 8.3 of the Note Trust Deed (*Substitution for Taxation Reasons*), after the date on which, by virtue of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), any payment of principal or interest on the Notes becomes subject to withholding tax,

if the Class A Noteholders, the Class B Noteholders or the Class S Noteholders, in each case electing by Written Resolution, elect that all the Notes are to be redeemed, and provide notice in writing to the Note Trustee of such election subject to the following:

- (i) that prior to giving any notice to Noteholders pursuant to Condition 5.9, the Issuer has provided to the Note Trustee:
 - (A) a legal opinion (in form and substance satisfactory to the Note Trustee), opining on the relevant change in Tax law; and
 - (B) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Payment Date, not subject to the interest of any other person, required to redeem the Rated Notes pursuant to this Condition 5 and meet its payment obligations of a higher priority under the Priority of Payments; and
 - (C) in the case of paragraphs (a) and (b) above only, a certificate signed by two directors of the Issuer to the effect that relevant event described in (a) or (b) (as the case may be) above cannot be avoided.

5.9 **Conditions to Optional Redemption:**

- (a) *Conditions to Redemption:* A redemption of the Notes pursuant to Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or Condition 5.8 (*Optional Redemption in whole for taxation reasons*) may only occur if, to the satisfaction of the Note Trustee, (i) the Issuer has, in the Payment Account, on the date on which the notice to redeem is given, or (ii) will have in the Payment Account by the scheduled Redemption Date, sufficient funds to enable it to pay in full all amounts required to be paid under Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*), or Condition 5.8 (*Optional Redemption in whole for taxation reasons*), as applicable (in each case such amount being the "**Minimum Proceeds Amount**") and (iii) no Acceleration Notice has been delivered by the Note Trustee.

If an amount equal to the Minimum Proceeds Amount is not credited to the Issuer Account on the date on which notice is proposed to be given, notice to redeem the Notes pursuant to Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or Condition 5.8 (*Optional Redemption in whole for taxation reasons*) may not be given unless the Note Trustee is satisfied that:

- (i) the Originator has entered into a binding sale agreement or agreements with (A) one or more financial institutions (which term shall include for the avoidance of doubt any entity or institution which has issued or is to issue notes secured on a portfolio of collateral loan or debt securities) which (or whose guarantor under such obligations) satisfies the Call Option Rating (B) (subject to Rating Agencies Confirmation) one or more funds or other investment vehicles established for the purpose of acquiring assets similar to the Portfolio, in each case, with settlement dates in respect of the Included Loan Advances on or prior to two Business Days immediately preceding the scheduled Redemption Date, and
- (ii) the Expected Net Proceeds which shall be held by the Issuer in immediately available funds not later than two Business Days immediately prior to the scheduled Redemption Date will equal or exceed the applicable Minimum Proceeds Amount.

The "**Expected Net Proceeds**" shall be the sum of:

- (A) in respect of each Included Loan Advance, the Issuer Surrender Receipt; and
- (B) the sum of the balances of the Issuer Accounts (to the extent not payable to any entity other than the Issuer); and
- (C) amounts scheduled to be received by the Issuer under any Swap Agreement prior to the Redemption Date (excluding any (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts).
- (b) *Mechanics of Redemption:* Following calculation of the applicable Minimum Proceeds Amount, such other redemption calculations required to be made pursuant to the Administration Agreement shall be notified to the Originator, the Loans Trustee, the Issuer, the Cash Administrator, the Note Trustee and the Paying Agent, whereupon the Issuer shall notify the Noteholders in accordance with Condition 20 (*Notices*) of such amounts.

Exercise of a redemption pursuant to Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*), or Condition 5.8 (*Optional Redemption in whole for taxation reasons*) shall be effected by delivery of a notice to the Paying Agent by the Issuer and given in the form of a notice as set out in Schedule 1 (*Redemption Notice*) of the Agency Agreement not more than 60 nor less than 5 Business Days prior to the applicable date of redemption of the Notes and the Issuer shall provide the Note Trustee

(for the Note Trustee to review and approve) and the Paying Agent such notice not less than 10 Business Days in advance of the date of publication of such notice.

The Issuer shall give the Originator, the Loans Trustee, the Note Trustee, the Cash Administrator, the Swap Provider and the Paying Agent notice of the Redemption Date, and the Paying Agent (on behalf of the Issuer) shall give the Noteholders not more than 60 and not less than 5 Business Days notice of its intention to redeem the Notes. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or Condition 5.8 (*Optional Redemption in whole for taxation reasons*) in the Payment Account on or before the Business Day prior to the Redemption Date.

- 5.10 **Conclusiveness of certificates and legal opinions:** Any certificate and legal opinion given by or on behalf of the Issuer or the Swap Provider (as applicable) pursuant to Condition 5.8 (*Optional Redemption in whole for taxation reasons*) may be relied on by the Note Trustee without further investigation and shall be conclusive and binding on the Noteholders and on the other Secured Creditors.
- 5.11 **Notice irrevocable:** Any such notice from the Issuer as is referred to in Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or Condition 5.8 (*Optional Redemption in whole for taxation reasons*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding in respect of each Rated Note together with all accrued but unpaid interest thereon and in accordance with the Priority of Payments in respect of each Class S Note. Failure to so redeem the Notes following service of any notice referred to in Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or Condition 5.8 (*Optional Redemption in whole for Taxation Reasons*) shall be treated as an Event of Default.
- 5.12 **Issuer may not purchase Notes:** The Issuer may not purchase Notes.
- 5.13 **Cancellation of redeemed Note Certificates:** All Note Certificates will be cancelled forthwith by the Issuer upon redemption in full of the Notes which they represent and no such Note Certificates may be reissued or resold.
- 5.14 **Redemption of Class S Notes:** Notwithstanding any other provisions of the Conditions or the Note Trust Deed, prior to the date on which all of the Included Loan Advances have been liquidated, all of the Charged Assets have been realised and all amounts standing to the credit of the Issuer Accounts (other than the Swap Collateral Account) are to be finally distributed to the Noteholders, for the purpose of calculations, all references herein and therein to the Class S Notes being redeemed in full or at their Principal Amount Outstanding or to receiving any payment in accordance with the relevant Priority of Payments or otherwise shall be amended to the effect that the Class S Notes shall be redeemed in an amount equal to the lower of the funds available for such redemption purposes and the then Principal Amount Outstanding of the Class S Notes less £1 such that on aggregate £1 principal amount of the Class S Notes remains Outstanding at all times after such redemption and thereafter any amounts received which are to be applied in redemption of the Class S Notes pursuant hereto which are in excess of the Principal Amount Outstanding of the Class S Notes minus £ 1 thereof, shall constitute interest payable in respect of the Class S Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof.

6. **Limited Recourse and Non-Petition**

6.1 **Limited Recourse**

If at any time following:

- (a) the occurrence of either:
- (i) the Note Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or

- (ii) the Security becoming enforceable in accordance with Condition 12 (*Enforcement*); and
- (b) Realisation of the Charged Assets and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments as set out in the Note Trust Deed,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable priority (or priorities) of payments, to pay in full all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes ranking junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

For the purposes of this Condition:

"**Realisation**" shall mean, in relation to any Charged Assets, the deriving to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Assets including (without limitation) through sale or through performance by an Obligor.

6.2 ***Exclusion of Other Limited Recourse***

Notwithstanding any other provision contained in these Conditions or in the Transaction Documents, no such provision other than Condition 6.1 (*Limited Recourse*) above shall limit or in any way reduce the amount of interest that would otherwise be payable by the Issuer under any Note, if and to the extent that such limitation or reduction is to any extent to be determined by reference to the results of any business or part of a business or the value of any property.

- 6.3 In addition, none of the Noteholders of any Class nor any of the other Secured Creditors shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of these Conditions, the Note Trust Deed or any other document relating to the Notes to which the Issuer is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

6.4 ***Non Petition***

Other than the Note Trustee none of the Noteholders of any Class, nor the other Secured Creditors (or any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class, the Note Trust Deed or otherwise owed to the Secured Creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

7. **Priorities of Payments**

- 7.1 ***Pre-Acceleration Revenue Priority of Payments***: On each Payment Date prior to the service of an Acceleration Notice, the Cash Administrator (on behalf of the Issuer) shall apply all Available Revenue Funds (excluding any (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts) as at the immediately preceding Determination Date in the following order but, in each case, only to the extent that there are funds available for that purpose and all payments of a higher priority have been made in full:

- (i) *first*, Note Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap;

- (ii) *second*, in or towards payment, *pari passu* and *pro rata*, of all amounts then due and payable by the Issuer in respect of any expenses incurred in connection with (a) all amounts then due and payable by the Issuer in respect of any Administrative Expenses up to an amount equal to the Administrative Expenses Cap and (b) to the payment of the Issuer Profit Amount;
- (iii) *third*, in or towards payment of Fixed Payment due and payable to the Swap Provider;
- (iv) *fourth*, in or towards payment to the Swap Provider of any Swap Settlement Payments (to the extent that an amount equal to the Swap Replacement Receipts paid by the Issuer to the Swap Provider is insufficient to meet such Swap Settlement Payments in full) and, to the extent that any Swap Settlement Payments have been satisfied in full, Swap Replacement Payments (to the extent amounts paid out of the Swap Termination Account are insufficient to meet such Swap Replacement Payments);
- (v) *fifth*, in or towards payment of all amounts then due and payable by the Issuer in respect of Issuer's liability (if any) to tax to the extent such amounts cannot be paid from the Issuer Profit Amount;
- (vi) *sixth*, on a *pro rata* and *pari passu* basis, the Class A Interest Payments then due and payable by the Issuer;
- (vii) *seventh*, in the event that the Class A Overcollateralisation Test was not satisfied on the Determination Date immediately preceding the relevant Payment Date, in payment to the redemption of the Class A Notes to the extent necessary to cause the Class A Overcollateralisation Test to be met if recalculated following such payment;
- (viii) *eighth*, in or towards payment on a sequential basis in the following order,
 - (a) on a *pro rata* and *pari passu* basis the Class B Interest Payments then due and payable by the Issuer on the Class B Notes;
 - (b) on a *pro rata* and *pari passu* basis any Previous Interest then due and payable by the Issuer on the Class B Notes;
- (ix) *ninth*, in the event that the Class B Overcollateralisation Test was not satisfied on the Determination Date immediately preceding the relevant Payment Date, (i) firstly, on a *pro rata* and *pari passu* basis in redemption of the Class A Notes and (ii) secondly, after redemption in full thereof, on a *pro rata* and *pari passu* basis in payment to the redemption of the Class B Notes to the extent necessary to cause the Class B Overcollateralisation Test to be met if recalculated following such payment;
- (x) *tenth*, in or towards payment of any Note Trustee Fees and Expenses that remain unpaid pursuant to paragraph (i) above;
- (xi) *eleventh*, in or towards payment, *pari passu* and *pro rata*, of any Administrative Expenses that remain unpaid pursuant to paragraph (ii) above including, without limitation any amount representing VAT chargeable in respect of the fees payable to the Collateral Administrator and the Cash Administrator to the extent the rate of VAT exceeds 20%;
- (xii) *twelfth*, in or towards payment of any Defaulted Swap Settlement Payment due and any costs due to the Swap Provider with respect thereto and not satisfied out of Swap Replacement Receipts; and
- (xiii) *thirteenth*, the excess (if any) to be paid in respect of interest on the Class S Notes, *pari passu* and *pro rata*.

7.2 **Pre-Acceleration Principal Priority of Payments:** On each Payment Date prior to the service of an Acceleration Notice, the Cash Administrator (on behalf of the Issuer) shall apply the Available Principal Funds, only to the extent that there are funds available for that purpose and all payments of a higher priority have been made in full:

- (i) *first*, in or towards payment of any Revenue Shortfall Amount on such date which shall form part of the Available Revenue Funds on such date.
- (ii) *second*, at the direction of the Collateral Administrator (acting on behalf of the Issuer) (a) in the acquisition of the beneficial interest in additional Included Loan Advances (subject to the satisfaction of the Replenishment Criteria), (b) in the payment of any Additional Trust Consideration or any Deferred Consideration due and payable as a result of a Further Advance being made by the Originator (subject to the satisfaction of the Replenishment Criteria), or (c) to the credit of the Principal Account pending acquisition of the beneficial interest in additional Included Loan Advances at a later date, in each case in accordance with and subject to the provisions of the Originator Trust Deed and the Administration Agreement;
- (iii) *third*, in or towards redemption of the Rated Notes on a sequential basis in the following order:
 - (a) the Class A Notes *pro rata* and *pari passu* until redeemed in full;
 - (b) the Class B Notes *pro rata* and *pari passu* until redeemed in full; and
- (v) *fourth*, any amounts remaining in or towards payment in respect of the Class S Notes on a *pro rata* and *pari passu* basis in accordance with Condition 5.14 (*Redemption of Class S Notes*).

7.3 **Post-Acceleration Priority of Payments:** Available Revenue Funds (excluding any (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts), Available Principal Funds or, as the case may be, the net proceeds of enforcement of the Security over the Charged Assets of the Issuer (a) on the Note Maturity Date, (b) on such other date on which the Rated Notes are redeemed in full pursuant to Condition 5 (*Redemption*) or (c) on and following the delivery date of an Acceleration Notice, in accordance with the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full:

- (i) *first*, to the payment of any due and unpaid Note Trustee Fees and Expenses;
- (ii) *second*, in payment on a *pro rata* and *pari passu* basis of (a) due and unpaid Administrative Expenses (b) payment of taxes owing by the Issuer which became due and payable in the current tax year as certified by an Authorised Officer of the Issuer to the Note Trustee, if any and (c) to the payment of the Issuer Profit Amount;
- (iii) *third*, to the payment on a *pro rata* and *pari passu* basis of any Fixed Payment due and payable to the Swap Provider and any Swap Settlement Payments (to the extent that an amount equal to the Swap Replacement Receipts paid by the Issuer to the Swap Provider is insufficient to meet such Swap Settlement Payments in full) due to the Swap Provider (other than Defaulted Swap Settlement Payments);
- (iv) *fourth*, on a *pro rata* and *pari passu* basis, the Class A Interest Payments then due and payable by the Issuer;
- (v) *fifth*, to the redemption of the Class A Notes on a *pro rata* and *pari passu* basis until redeemed in full;
- (vi) *sixth*, to the payment on a sequential basis in the following order:
 - (a) on a *pro rata* and *pari passu* basis the Class B Interest Payments then due and payable by the Issuer on the Class B Notes;
 - (b) on a *pro rata* and *pari passu* basis any Previous Interest then due and payable on the Class B Notes;
- (vii) *seventh*, to the redemption of the Class B Notes on a *pro rata* and *pari passu* basis until redeemed in full;

- (viii) *eighth*, in or towards payment of any Defaulted Swap Settlement Payment due and any costs due to the Swap Provider with respect thereto and not satisfied out of Swap Replacement Receipts; and
- (ix) *ninth*, any remaining proceeds, in or towards payments in respect of the Class S Notes (subject to Condition 5.14 (*Redemption of the Class S Notes*)),

provided that, in relation to items (i), (ii), (iii), (iv) and (vi) above and other than in respect of a Note Maturity Date or any other date on which the Rated Notes are redeemed in full or the date on which the Aggregate Principal Balance of the Included Loan Advances becomes zero, the Note Trustee shall apply the Available Revenue Funds first and to the extent of any Revenue Shortfall, the Note Trustee may use any Available Principal Funds, for the purposes of covering such Revenue Shortfall.

8. **Issuer Accounts**

8.1 ***Establishment of Issuer Accounts:***

The Issuer shall, prior to the Issue Date, establish the following accounts with the Issuer Account Bank:

- (a) Principal Account;
- (b) Interest Account;
- (c) Payment Account;
- (d) Swap Account;
- (e) Swap Collateral Account;
- (f) Note Proceeds Account; and
- (g) Interest Smoothing Account.

From time to time, as required pursuant to the terms of the Swap Agreement, the Issuer may open one or more Swap Termination Account and Swap Collateral Account.

Amounts standing to the credit of an Issuer Account (except for the Swap Collateral Account) from time to time may be invested by the Cash Administrator in Permitted Investments denominated in the same currency as the relevant Issuer Account from which the applicable amounts are drawn for investment and for the avoidance of doubt the balance standing to the credit of any Issuer Account shall include any such Permitted Investments from time to time.

8.2 ***Payments to and from the Issuer Accounts***

8.2.1 ***Principal Account***

- (a) The Issuer or the Cash Administrator on its behalf will procure that the following amounts are paid into the Principal Account promptly upon receipt thereof:
 - (i) all principal payments received in respect of any Included Loan Advances, including, without limitation (in each case without double counting):
 - (1) amounts received in respect of any maturity, scheduled amortisation or mandatory prepayment on an Included Loan Advance;
 - (2) unscheduled principal receipts received as a result of optional redemptions and prepayments (including any acceleration);

- (3) recoveries on Defaulted Obligations allocated as Principal Receipts by the Collateral Administrator and any other principal payments with respect to Included Loan Advances in either case to the extent not included in the Issuer Surrender Receipt;
 - (4) on a Monthly Reconciliation Date, any Reconciliation Amount in respect of Principal Receipts payable by the Originator;
 - (5) all amounts remaining in the Swap Termination Account following payment of any Swap Replacement Payment; and
 - (6) any other principal payments with respect to Included Loan Advances (to the extent not included in the Issuer Surrender Receipt);
- (ii) other than in circumstances described in Condition 5.9 (*Conditions to Optional Redemption*) all Issuer Surrender Receipts received in respect of the re-acquisition by the Originator of the Investor Interest in any Included Loan Advances other than those designated as Revenue Receipts;
 - (iii) any interest accrued and proceeds received in respect of Permitted Investments in respect to the Principal Account or in respect of the balance of the Principal Account during the relevant Collection Period; and
 - (iv) all amounts from the Note Proceeds Account in accordance with Condition 8.2.4(b)(iv).
- (b) The Issuer or the Cash Administrator on its behalf shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Principal Account:
- (i) on or prior to the second Business Day prior to each Payment Date, all Principal Proceeds standing to the credit of the Principal Account to the Principal Ledger of the Payment Account to the extent required for disbursement pursuant to the Pre-Acceleration Principal Priority of Payments, save for amounts deposited after the end of the related Collection Period and save for (x) any Principal Proceeds designated by the Collateral Administrator (on behalf of the Issuer) for the acquisition of an interest in additional loan advances (including Issuer Surrender Receipts in respect of (i) Credit Impaired Obligations and (ii) Non-Credit Impaired Obligations to the extent that such amounts are equal to or less than the Reinvestment Threshold) during the Replenishment Period in accordance with the Replenishment Criteria and, (y) an amount equal to the Issuer Surrender Receipt received by the Issuer from the Loans Trustee in respect of the acquisitions by the Originator of Non-Credit Impaired Obligations in excess of the Reinvestment Threshold during the Replenishment Period which shall be applied by the Cash Administrator towards redemption of the Rated Notes in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*) **provided that** no such payment shall be made to the extent that such amounts are not required to be distributed pursuant to the relevant Priority of Payments on such Payment Date;
 - (ii) at any time during the Replenishment Period in accordance with the terms of, and to the extent permitted under, the Originator Trust Deed and the Administration Agreement, in the acquisition of Included Loan Advances (including, for the avoidance of doubt, the acquisition of

Available Loan Advances by reference to the Available Replenishment Funds under Clause 6.11 of the Originator Trust Deed;

- (iii) on a Monthly Reconciliation Date, any Reconciliation Amount in respect of Principal Receipts payable by the Issuer which shall be paid to the Originator;
- (iv) following the enforcement of the Security over the Charged Assets, all monies standing to the credit of the Principal Account to the relevant Payment Account as directed by the Note Trustee for application in accordance with the Post-Acceleration Priority of Payments;
- (v) any interest accrued and proceeds received in respect of Permitted Investments in respect to the Principal Account or in respect of the balance of the Principal Account during the relevant Collection Period to be paid into the Interest Account;
- (vi) an amount equal to the Issuer Surrender Receipt received by the Issuer from the Loans Trustee in respect of the acquisitions by the Originator of Non-Credit Impaired Obligations during the Replenishment Period which shall be paid to the Payment Account (and then applied by the Cash Administrator towards redemption of the Rated Notes in accordance with Condition 5.3 (*Mandatory Early Redemption in part upon receipt of Issuer Surrender Receipt*)); and
- (vii) at any time, payments to the Originator in respect of Deferred Consideration or Excess AMS Consideration.

8.2.2 *Interest Account*

The Cash Administrator shall maintain an Issuer Profit Ledger in respect of the Interest Account and shall record on such ledger amounts to be credited or debited in accordance with the provisions below.

- (a) The Issuer or the Cash Administrator on its behalf will procure that the following amounts are credited to the Interest Account promptly upon receipt thereof (in each case without double counting):
 - (i) all Revenue Receipts;
 - (ii) an amount equal to the Issuer Profit Amount received by the Issuer in accordance with the relevant Priority of Payment and transferred from the Payment Account to be credited to the Issuer Profit Ledger;
 - (iii) an amount equal to the Floating Payments received by the Issuer under the Swap Agreement and transferred from the Swap Account;
 - (iv) on a Monthly Reconciliation Date, any Reconciliation Amount in respect of Revenue Receipts payable by the Originator;
 - (v) any interest accrued and proceeds received in respect of Permitted Investments in respect to the Interest Account or any interest credited to any Issuer Account (other than the Swap Collateral Account) in respect of balances standing to the credit of such Issuer Account during the relevant Collection Period; and
 - (vi) any Interest Smoothing Amounts which are required to be transferred from the Interest Smoothing Account in accordance with Condition 8.2.8(b) (*Interest Smoothing Account*).

- (b) The Issuer or the Cash Administrator on its behalf shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:
 - (i) on or prior to the second Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account (including interest earned on the balance of the Interest Account) shall be transferred:
 - (A) for so long as a Swap Agreement is in place, to the Swap Account for payment to the Swap Provider to the extent of the Fixed Payment; or
 - (B) to the Interest Ledger of the Payment Account for disbursement pursuant to the Pre-Acceleration Revenue Priority of Payments (other than on any date on which the Notes are to be redeemed in full),

save for amounts deposited after the end of the related Collection Period;
 - (ii) on a Monthly Reconciliation Date, any Reconciliation Amount in respect of Revenue Receipts payable by the Issuer which shall be paid to the Originator;
 - (iii) following each Payment Date, the Issuer Profit Amount to be retained in the Issuer Profit Ledger or, at the direction of the Cash Administrator, transferred to the Payment Account for payment as a dividend to Holdings;
 - (iv) at any time, payment to Originator in respect of Deferred Consideration or Excess AMS Consideration; and
 - (v) on the Business Day following each Determination Date save for (i) the first Determination Date following the Issue Date; (ii) a Determination Date following the occurrence of an Event of Default which is continuing; and (iii) the Determination Date immediately prior to any redemption of the Notes in full, any Interest Smoothing Amount required to be transferred to the Interest Smoothing Account.

8.2.3 *Swap Account*

- (a) The Issuer or the Cash Administrator on its behalf will procure that the following amounts are credited to the Swap Account promptly upon receipt thereof:
 - (i) on each Payment Date (prior to termination of the Swap Agreement) all Revenue Receipts from the Interest Account to be applied as the Fixed Payment pursuant to the Swap Agreement;
 - (ii) all Floating Payments received from the Swap Provider under the Swap Agreement.
- (b) The Issuer or the Cash Administrator on its behalf shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Swap Account:
 - (i) (prior to termination of the Swap Transaction) on each Payment Date Revenue Receipts transferred to the Swap Account in accordance with item (a)(i) above, to be transferred to an account nominated by the Swap Provider;

- (ii) (if the Swap Transaction is terminated without a replacement swap transaction) all monies standing to the credit to be transferred to the Interest Ledger of the Payment Account; and
- (iii) all Floating Payments received from the Swap Provider under the Swap Agreement and any interest earned on the balance of the Swap Account to be transferred to the Interest Account.

8.2.4 *Note Proceeds Account*

- (a) The Issuer or the Cash Administrator on its behalf will procure that an amount equal to the gross proceeds of issue of the Notes remaining are credited to the relevant Note Proceeds Account.
- (b) The Issuer or the Cash Administrator on its behalf shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the relevant Note Proceeds Account:
 - (i) on the Issue Date, in the acquisition of Investor Interest in respect of the Included Loan Advances;
 - (ii) any interest accrued and proceeds received in respect of the balance of the Note Proceeds Account during the relevant Collection Period to be paid into the Interest Account;
 - (iii) during the first Interest Period only, in or towards payment of costs and expenses relating to the issuance of the Notes up to an amount equal to £100,000; and
 - (iv) after making the payments set out in paragraphs (i) to (iii) above, any remaining amount to the Principal Amount.

8.2.5 *Payment Account*

The Issuer Account Bank shall maintain a principal ledger (the "**Principal Ledger**") and an interest ledger (the "**Interest Ledger**") in respect of the Payment Account and shall record on such ledger amounts to be credited or debited from the Payment Account in accordance with the following provisions:

- (a) the Issuer or the Cash Administrator on its behalf will procure that, on or prior to the second Business Day prior to each Payment Date, all amounts standing to the credit of each of the Issuer Accounts which are required to be transferred to the Payment Account pursuant to Condition 8.2 (*Payments to and from the Issuer Accounts*) are so transferred upon receipt thereof;
- (b) on such Payment Date, the Cash Administrator shall cause the Issuer Account Bank to make such payment in accordance with the applicable Priority of Payments; and
- (c) any interest accrued and proceeds received in respect of the balance of the Payment Account during the relevant Collection Period to be paid into the Interest Account.

In addition, on or prior to the date on which the Notes are redeemed in full in accordance with Condition 5.7 (*Mandatory Redemption in whole upon the exercise of a Call Option*) or 5.8 (*Optional Redemption in whole for taxation reasons*), all monies available for redemption shall be transferred to the Payment Account pursuant to Condition 5.9 (*Conditions to Optional Redemption*). No amounts shall be transferred to or withdrawn from a Payment Account at any other time or in any other circumstances, save that all interest accrued and received in respect of Permitted Investments in respect to the

Payment Account or interest accrued on the Payment Account shall be credited to the Interest Account.

8.2.6 *Swap Termination Account*

- (a) The Issuer or the Cash Administrator on its behalf will procure that the Swap Provider Termination Payment due to the Issuer in respect of the Swap Agreement shall, promptly on receipt thereof, be deposited in the Swap Termination Account;
- (b) The Issuer or the Cash Administrator on its behalf will procure payment of the following amounts (and shall ensure that payment of no other amount is made) out of the Swap Termination Account:
 - (i) at any time, in the case of any Swap Provider Termination Payment paid into the Swap Termination Account, in payment of amounts payable by the Issuer upon entry into a replacement swap agreement in accordance with the Administration Agreement;
 - (ii) following the Issuer's entry into a Swap Replacement Transaction and the payment of any Swap Replacement Payment or Swap Settlement Payment, all amounts remaining in the Swap Termination Account shall be transferred to the Principal Account; and
 - (iii) any interest accrued and proceeds received in respect of the balance of the Swap Termination Account during the relevant Collection Period to be paid into the Interest Account.

8.2.7 *Swap Collateral Account*

- (a) The Issuer or the Cash Administrator on its behalf will procure that all (i) Swap Collateral (including interest and other income deriving therefrom), (ii) Swap Tax Credits and (iii) Swap Replacement Receipts shall be deposited in the Swap Collateral Account; and
- (b) All Swap Collateral (including interest and other income deriving therefrom), shall be held and released pursuant to the terms of the Credit Support Annex. All Swap Tax Credits should be paid directly by the Issuer or the Cash Administrator on its behalf to the Swap Provider. All Swap Replacement Receipts shall be used to pay any amounts payable by the Issuer to the Swap Provider in payment towards any termination payment owed to the Swap Provider and payment of such amount shall not be subject to any Priority of Payments unless the Issuer has fully discharged its payment obligation to the original Swap Provider in respect of such termination payment in which case any remaining portion of the Swap Replacement Receipt shall become part of the Available Revenue Funds.

8.2.8 *Interest Smoothing Account*

- (a) The Issuer or the Cash Administrator on its behalf will procure that, on the Business Day following each Determination Date save for:
 - (i) the first Determination Date following the Issue Date;
 - (ii) a Determination Date following the occurrence of an Event of Default which is continuing;
 - (iii) the Determination Date immediately prior to any redemption of the Notes in full,

an amount equal to the Interest Smoothing Amount is credited to the Interest Smoothing Account from the Interest Account in accordance with Condition 8.2.2(b)(v) (*Interest Account*).

- (b) The Issuer or the Cash Administrator on its behalf shall procure, on the Business Day falling after the Payment Date following the Determination Date on which any Interest Smoothing Amount was transferred to the Interest Smoothing Account, such Interest Smoothing Amount to be transferred to the Interest Account.

9. **Payments**

- 9.1 **Principal:** Payments of principal shall be made by cheque drawn in Sterling or, upon application by a Holder of Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for payment, by transfer to an account in Sterling maintained by the payee and (and in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent, or, in respect of the Class S Notes by transfer to the account specified by the Class S Noteholder to the Paying Agent in accordance with the terms of the Agency Agreement.
- 9.2 **Interest:** Payments of interest shall be made by cheque drawn in Sterling or, upon application by a Holder of Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for payment by transfer to an account in Sterling maintained by the payee in London and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- 9.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 9.4 **Business Days:** In this Condition 9, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- 9.5 **Partial Payments:** If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- 9.6 **Record date:** Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.
- 9.7 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them), the Paying Agent, the Agent Bank or the Note Trustee shall (in the absence of any manifest error) be binding on the Issuer and all Noteholders and (in the absence of any manifest error) no liability to the Note Trustee, the Noteholders shall attach to the Reference Banks, the Agents, or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 9.

10. **Taxation**

- 10.1 **Tax Deductions:** All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any Taxes imposed, levied, collected, withheld or assessed by the Issuer's Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer, the Note Trustee or the Paying Agent

(as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Note Trustee or the Paying Agent (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

- 10.2 Notwithstanding any other provision in these Conditions, the Issuer, the Trustee and the Paying Agent shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA withholding**").
- 10.3 **No payment of additional amounts:** None of the Issuer, the Note Trustee, nor the Paying Agent will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction. None of the Issuer, the Note Trustee or the Paying Agent shall have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, the Note Trustee or the Paying Agent as a result of any person not being entitled to receive payments free of FATCA withholding.
- 10.4 **Taxing Jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer's Jurisdiction, references in these Conditions to the Issuer's Jurisdiction shall be construed as references to the Issuer's Jurisdiction and/or such other jurisdiction.
- 10.5 **Tax Deduction not Event of Default:** Notwithstanding that the Note Trustee, the Issuer or the Paying Agent are required to make a Tax Deduction this shall not constitute an Event of Default.

11. **Events of Default**

- 11.1 **Events of Default:** Subject to the other provisions of this Condition 11, each of the following events shall be treated as an "**Event of Default**":
- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes within ten Business Days of the due date for payment of such principal in accordance with Condition 5 (*Redemption*) or fails to pay any amount of interest in respect of the Notes within ten Business Days of the due date for payment of such interest in accordance with Condition 4 (*Interest*) (**provided that** such grace period shall be fifteen Business Days if the non-payment is due to a technical or administrative error); or
 - (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Most Senior Class of Notes, the Transaction Documents and such default (a) is certified by the Note Trustee as being incapable of remedy or (b) being a default which is, in the opinion of the Note Trustee, capable of remedy, remains unremedied for 30 days after the Note Trustee has given written notice of such default to the Issuer (with a copy to the Loans Trustee); or
 - (c) **Insolvency Event:** an Insolvency Event occurs in relation to the Issuer; or
 - (d) **Representations and Warranties:** any representation or warranty of the Issuer made in the Note Trust Deed or in any certificate in writing delivered pursuant thereto is incorrect in any material respect when made, and continuance of such breach of representation or warranty continues for a period of 30 calendar days after written notice thereof is given to the Issuer (copied to the Loans Trustee) by the Note Trustee;
 - (e) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents; or
 - (f) **Investment Company:** the Issuer becomes an "**investment company**" within the meaning of the Investment Company Act.
- 11.2 **Delivery of Acceleration Notice:** Subject to Condition 11.3 (*Conditions to delivery of Acceleration Notice*), if an Event of Default occurs and is continuing, the Note Trustee may at its discretion and shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or so directed in writing by the holders of at least 25 per cent. in aggregate

of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, deliver an Acceleration Notice to the Issuer (copied to the Originator, the Loans Trustee, the Collateral Administrator, the Cash Administrator, the Agents, the Swap Provider and the Issuer Account Bank) and, so long as any of the Rated Notes remain outstanding, the Issuer shall notify the Rating Agencies of the delivery of such Acceleration Notice.

11.3 **Conditions to delivery of Acceleration Notice:** Notwithstanding Condition 11.2 (*Delivery of Acceleration Notice*) the Note Trustee shall not be obliged to deliver an Acceleration Notice unless:

- (a) in the case of the occurrence of any of the events mentioned in Condition 11.1(b) (*Breach of other obligations*) or Condition 11.1(d) *Representations and Warranties*), the Note Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Most Senior Class; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

11.4 **Consequences of delivery of Acceleration Notice:** Upon the delivery of an Acceleration Notice, the Notes of each Class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest and thereafter, all funds held in the Issuer Accounts shall, as amongst each Secured Creditor, be applied in accordance with the priority set forth in Condition 7.3 (*Post-Acceleration Priority of Payments*).

12. **Enforcement**

12.1 **Security Enforceable**

The whole of the Security shall become enforceable:

- (a) upon the delivery of an Acceleration Notice, except where an Acceleration Notice has been delivered as a result of an Insolvency Event occurring solely as a result of the Issuer obtaining or taking steps to obtain a moratorium pursuant to section 1A of the Insolvency Act 1986; or
- (b) if any person who is entitled to do so presents an application for the appointment of an administrator of the Issuer, gives notice of intention to appoint an administrator of the Issuer or files such notice with the court.

12.2 **Proceedings**

In addition to the provisions set out in Condition 11 (*Events of Default*), the Note Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Note Trust Deed in respect of the Notes of each Class and under the other Transaction Documents, but it shall not be bound to do so unless (i) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes or (ii) requested in writing by the holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class of Notes and in any such case, only if it shall have been indemnified and/or prefunded and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.3 **Directions to the Note Trustee**

If the Note Trustee shall take any action described in Condition 12.1 (*Security Enforceable*) and 12.2 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, **provided that** so long as any of the Most Senior Class of Notes are Outstanding, the Note Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other class of Notes unless:

- (a) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the classes of Notes ranking senior to such other class; or

- (b) (if the Note Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Notes ranking senior to such other class.

12.4 **Restrictions on Enforcement of Security**

If an Acceleration Notice has been delivered by the Note Trustee otherwise than by reason of non-payment of principal or interest due in respect of the Most Senior Class of Notes, the Note Trustee will not be entitled to take action to enforce the Security under the Note Trust Deed over the Charged Assets and realise and/or otherwise liquidate or sell the Charged Assets unless:

- (a) the Cash Administrator certifies to the Note Trustee that a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Acceleration Priority of Payments; or
- (b) the Note Trustee is of the opinion, which shall be binding on the Noteholders and the other Secured Creditors, reached after considering at any time and from time to time the advice and/or opinion of an investment bank or other financial adviser selected by the Note Trustee, (and if the Note Trustee is unable to obtain such advice having made reasonable efforts to do so this Condition 12.4(b) shall not apply) that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Rated Notes after payment of all other claims ranking in priority to the Rated Notes in accordance with the Post-Acceleration Priority of Payments; and
- (c) the Note Trustee shall not be bound to make the determination contained in Condition 12.4(b) above unless the Note Trustee shall have been indemnified and/or prefunded and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.5 **Third Party Rights:** No person shall have any right to enforce any Condition or any provision of the Note Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

13. **No action by Noteholders, or any other Secured Creditor**

13.1 Only the Note Trustee may pursue the remedies available under the general law or under the Note Trust Deed to enforce the Security and no Noteholder, or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, none of the Noteholders, or any other Secured Creditor (nor any person on its or their behalf, other than the Note Trustee where expressly provided for in these Conditions) are entitled:

- (a) otherwise than as permitted by these Conditions, to direct the Note Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security; or
- (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Secured Creditors; or
- (c) until the date falling two years and one day after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or
- (d) to take or join in the taking of any steps or proceedings which would result in the Priority of Payments not being observed.

14. **Meetings of Noteholders**

14.1 **Convening:** The Note Trust Deed contains "*Provisions for Meetings of Noteholders*" set out at Schedule 4 of the Note Trust Deed for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Note Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

14.2 ***Separate and combined meetings:*** The Note Trust Deed provides that:

- (a) an Extraordinary Resolution which in the opinion of the Note Trustee affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;
- (b) an Extraordinary Resolution which in the opinion of the Note Trustee affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the holders of another Class of Notes shall be transacted either at separate meetings of the Noteholders of each such Class or at a combined meeting of the Noteholders of all such Classes of Notes as the Note Trustee shall determine in its absolute discretion; and
- (c) an Extraordinary Resolution which in the opinion of the Note Trustee affects the Noteholders of more than one Class and gives rise to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

14.3 ***Request from Noteholders:*** A meeting of Noteholders of a particular Class may be convened by the Note Trustee or the Issuer at any time and must be convened by the Note Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes of that Class then Outstanding.

14.4 ***Quorum:*** The quorum at any meeting convened to vote on:

- (a) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes will be two or more Voters holding or representing more than 50 per cent. of the Principal Amount Outstanding of the Notes then Outstanding in that Class or those Classes or, at any adjourned meeting, two or more Voters being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the Notes then Outstanding so held or represented in such Class or Classes; and
- (b) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) will be two or more Voters holding or representing at least 75 per cent. of the Principal Amount Outstanding of the Notes then Outstanding in the relevant Class or Classes or, at any adjourned meeting, two or more Voters holding or representing not less than 33⅓ per cent. of the Principal Amount Outstanding of the Notes then Outstanding in the relevant Class or Classes.

In respect of Conditions 14.4(a) and (b) above, while all the Outstanding Notes of any Class are represented by a Global Note, a single Voter appointed in relation thereto or being the holder of the Notes thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

14.5 ***Relationship between Classes:***

In relation to each Class of Notes:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the other Class of Notes (to the extent that there are Notes then Outstanding in each such other Classes);
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the other Class of Notes (if any) ranking senior to such Class (to the extent that there are Notes then Outstanding ranking senior to such Class) unless the Note Trustee considers that the interests of the holders of each of the other Classes of

Notes ranking senior to such Class would not be materially prejudiced by such Extraordinary Resolution; and

- (c) any resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Note Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes irrespective of the effect thereon.

14.6 **Resolutions in writing:** A Written Resolution shall take effect as if it were an Extraordinary Resolution.

15. **Modification and Waiver**

15.1 **Modification:** The Note Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Note Trust Deed (other than in respect of a Reserved Matter or any provisions of the Note Trust Deed referred to in the definition of a Reserved Matter), the Notes or the other Transaction Documents in relation to which its consent is required which, in the opinion of the Note Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes; or
- (b) any modification to these Conditions, the Note Trust Deed or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Note Trustee, such modification is of a formal, minor or technical nature, or is made to correct a manifest error.

15.2 **Waiver:** In addition, the Note Trustee may, without the consent of the Noteholders or any other Secured Creditor and without prejudice to its rights in respect of any subsequent breach, Event of Default or Potential Event of Default from time to time and at any time, concur with the Issuer or any other relevant parties: (i) in authorising or waiving on any terms and subject to any conditions which it considers appropriate any proposed breach or breach of the covenants or provisions contained in the Note Trust Deed, the Notes or any of the other Transaction Documents; and (ii) determining that an Event of Default or Potential Event of Default or actual or potential breach of the Conditions shall not or shall not be subject to specified Conditions, be treated as such if, in the opinion of the Note Trustee, the holders of the Most Senior Class will not be materially prejudiced by such authorisation, determination or waiver.

15.3 **Restriction on power to waive:** The Note Trustee shall not exercise any powers conferred upon it by Condition 15.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class, but so that no such direction or request shall affect (a) any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of Notes then Outstanding has, by Extraordinary Resolution, so authorised its exercise.

15.4 **Notification:** Unless the Note Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Rating Agencies and the Noteholders and the other Secured Creditors in accordance with Condition 20 (*Notices*) and the other Transaction Documents, as soon as practicable after it has been made.

15.5 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 15.1 (*Modification*) or Condition 15.2 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

15.6 ***Additional Right of Modification***

Notwithstanding the provisions of Conditions 15.1 to 15.5 (inclusive) (*Modification and Waiver*), the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or, subject to Condition 15.7(c) below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Conditions, the Notes, the Note Trust Deed or any other Transaction Document or in relation to which it holds security 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 (the "**New Rating Criteria**"), **provided that**:
 - (i) the Issuer, Swap Provider or Issuer Account Bank, as applicable, certifies in writing to the Note 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
 - (ii) in the case of any modification to a Transaction Document proposed by any of the Swap Provider, the Issuer or the Issuer Account Bank in order (x) to implement the New Rating Criteria and (y) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (z) to avoid the Swap Provider or the Issuer Account Bank (as the case maybe) taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - (A) the Issuer, the Swap Provider or the Issuer Account Bank, certifies in writing to the Issuer and the Note Trustee that such modification is necessary for one of the purposes described in paragraph (ii)(x) to (z) above; and
 - (B) either:
 - (1) the Issuer, the Swap Provider or the Issuer Account Bank, as applicable, obtains from each of the Rating Agencies written confirmation (or certifies to the Note Trustee in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) 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); or
 - (2) the Issuer, the Swap Provider or the Issuer Account Bank, as applicable, certifies to the Note Trustee in the Modification Certificate that it has informed the Rating Agencies 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).
- (b) in order to enable the Issuer and/or the Swap Provider to comply with:
 - (i) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice,

guidance or recommendations from relevant supervisory regulators) ("**EMIR**");
or

- (ii) any other obligation which applies to it under EMIR,

provided that the Issuer or the Swap Provider, as appropriate, certifies to the Note Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;

- (c) in order to enable the Swap Provider to make any amendment or modification to the Swap Agreement required following any clarification, update, delivery, amendment, modification or change in operation or application of any provision, rule, regulation, direction, process, guideline or procedure relating to EMIR or any other applicable law or regulation which affects the regulatory treatment of the Swap Provider (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant competent authorities or ESMA) (the "**Regulatory Requirements**"), subject to the Swap Provider providing the Issuer and the Note Trustee with (i) written notice of the Regulatory Requirements and (ii) a certificate in writing that such modification is required solely for the purposes of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, **provided that** the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; and
- (e) or 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, certifies to the Note 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 by the Issuer, the Swap Provider, or the Issuer Account Bank as the case may be, pursuant to paragraphs (a) to (e) above being a "**Modification Certificate**").

15.7 ***Conditions to Additional Rights of Modification***

The Note Trustee is only obliged to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Conditions or any other Transaction Document referred to in Condition 15.6(a) to (e) above if:

- (a) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee;
- (b) the Modification Certificate in relation to such modification shall be provided to the Note Trustee both at the time the Note Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (c) the consent of each Secured Creditor which is party to the relevant Transaction Document and which has a right to consent to such modification pursuant to the provisions of the Transaction Documents has been obtained;
- (d) where the amendment is proposed by the Issuer, the Issuer pays all costs, fees and expenses (including legal fees) incurred by the Note Trustee or any of the Agents in connection with such modification, in each case in accordance with the relevant Priority of Payments;
- (e) where the amendment is proposed by the Issuer Account Bank or the Swap Provider, such party pays all costs, fees and expenses (including legal fees) incurred by the Issuer and the Note Trustee or any of the Agents in connection with such modification;

- (f) the Issuer certifies in writing to the Note Trustee (which certification may be in the Modification Certificate) that the proposed modification does not relate to a Reserved Matter;

and **provided that**, other than in the case of a modification pursuant to Condition 15.6(b)(i) or 15.6(b)(ii),

- (g) other than in the case of a modification pursuant to Condition 15.6(a)(ii), either:
 - (i) the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) 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); or
 - (ii) the Issuer certifies in the Modification Certificate that it has informed the Rating Agencies 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); and
- (h) (I) the Issuer certifies in writing to the Note Trustee (which certification may be in the Modification Certificate) that in relation to such modification the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 20 (*Notices*) and by (either itself or via the Paying Agent) 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 and has made available at such time, the modification documents for inspection at the registered office of the Note Trustee for the time being during normal business hours, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer and the Paying Agent (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) notifying them by the time specified in such notice that such Noteholders do not consent to the modification.

If (other than in the case of a modification pursuant to Condition 15.6(b)(i) and 15.6(b)(ii)) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer and the Paying Agent in accordance with the notice and the then current practice of any applicable clearing system through which such Notes may be held notifying them 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 Notes then outstanding is passed in favour of such modification in accordance with Condition 14 (*Meetings of Noteholders*).

15.8 ***Note Trustee and Issuer consideration of other interests***

When implementing any modification pursuant to Condition 15.6 (*Additional Right of Modification*) (save to the extent that the proposed modification would constitute a Reserved Matter) the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor 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 Swap Provider or the Account Bank, as the case may be, pursuant to Condition 15.6 (*Additional Right of Modification*) and Condition 15.7 (*Conditions to Additional Rights of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor 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.

The Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee would have the effect of (i) exposing the Note 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 liabilities, exposure, obligations or duties, or decreasing the rights or protection, of the Note Trustee in the Transaction Documents and/or these Conditions.

15.9 ***Binding Nature***

Any such modification referred to in Condition 15.6 (*Additional Right of Modification*) shall be binding on all Noteholders and the other Secured Creditors, 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 Creditors; and (c) the Noteholders in accordance with Condition 20 (*Notices*).

16. **Prescription**

16.1 ***Principal***: Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.

16.2 ***Interest***: Claims for interest in respect of Notes, shall become void where application for payment is made more than five years after the due date therefor.

17. **Replacement of Note Certificates**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

18. **Note Trustee and Agents**

18.1 ***Note Trustee's right to Indemnity***: Under the Transaction Documents, the Note Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Note Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

18.2 ***Note Trustee not responsible for loss or for monitoring***: The Note Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Assets or any documents of title thereto being uninsured or inadequately insured or being held by any person on behalf of the Note Trustee. The Note Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

18.3 ***Regard to Classes of Noteholders***: In the exercise of its powers and discretions under these Conditions and the Note Trust Deed, the Note Trustee will:

(a) have regard to the interests of each Class of Noteholders as a Class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

(b) have regard only to the holders of the outstanding Notes of the Most Senior Class and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Acceleration Notice in accordance with the Post-Acceleration Priority of Payments.

18.4 ***Agents solely agents of Issuer***: In acting under the Agency Agreement and in connection with the Notes, the Paying Agent, the Registrar and the Agent Bank act solely as agents of the Issuer

and (to the extent provided therein) the Note Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

- 18.5 **Maintenance of Agents:** The Issuer shall at all times maintain a paying agent and an agent bank. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*). The Issuer reserves the right (with the prior written approval of the Note Trustee) to vary or terminate the appointment of any Agent and to appoint a successor in replacement thereof at anytime, having given not less than 30 days' notice to such Agent.
19. **Substitution of Issuer**
- 19.1 **Substitution of Issuer:** Subject to Clause 8.2 of the Note Trust and this Condition 19, the Note Trustee may, without the consent of any Noteholder or other Secured Creditor, subject to such further conditions as are specified in the Note Trust Deed agree with the Issuer to the substitution of a substitute special purpose entity in place of the Issuer (or of any previous substituted company under the Note Trust Deed) as the principal debtor in respect of the Note Trust Deed, the Notes, the Transaction Documents and the Secured Amounts.
- 19.2 **Notice of Substitution of Issuer:** Not later than fourteen days after any substitution of the Issuer in accordance with this Condition 19, the substitute entity shall cause notice of such substitution to be given to the Noteholders and the Rating Agencies in accordance with Condition 20 (*Notices*) and the other Secured Creditors under the other Transaction Documents.
- 19.3 **Change of Law:** In the case of a substitution pursuant to this Condition 19, the Note Trustee shall agree to a change of the law governing the Notes and/or any of the Transaction Documents **provided that** such proposed change of governing law is at the direction of each Class of Noteholders (each Class acting by Extraordinary Resolution) but without the consent of any other Secured Creditor.
- 19.4 **No indemnity:** No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any Tax consequence of any such substitution upon individual Noteholders.
20. **Notices**
- 20.1 **Valid Notices:** Any notice to Noteholders shall be validly given if such notice is:
- (a) prior to the Issue of any Individual Note Certificates and so long as the Global Notes are held on behalf of Euroclear and/or Clearstream, upon delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to Noteholders; or
 - (b) following the issue of Individual Note Certificates, to be sent by post to the address of each Noteholder as may be previously approved in writing by the Note Trustee and as has been notified to the Noteholders in such manner as the Note Trustee shall require; and
- and, for so long as the Rated Notes are listed on the Irish Stock Exchange, in respect of notice to Class A Noteholders and Class B Noteholders, in accordance with the relevant requirements thereof.
- 20.2 **Date of publication:** Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the applicable date of delivery of the relevant notice to Euroclear and Clearstream (as applicable).
- 20.3 **Other Methods:** The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the Irish Stock Exchange on which the Rated Notes are then listed and **provided that** notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

21. **Governing Law and Jurisdiction**

21.1 **Governing law:** The Note Trust Deed, the Transaction Documents and the Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law.

21.2 **Jurisdiction:** The courts of England are to have exclusive jurisdiction to settle any dispute arising from or connected with the Notes and the Transaction Documents governed by English law (including a dispute relating to non-contractual obligations or disputes regarding the existence, validity or termination of any of the Notes or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Transaction Documents governed by English law may be brought in such courts. The Issuer has in each of the Transaction Documents governed by English law irrevocably submitted to the jurisdiction of such courts.

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. As far as the Issuer is aware and able to ascertain from the information published by such sources, this information has been accurately reproduced and no facts have been omitted which would render the reproduction of this information inaccurate or misleading. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Note Trustee, the initial purchaser of the Rated Notes or any Agent party to the Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Euroclear and Clearstream, Luxembourg

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Rated Notes and cross-market transfers of the Rated Notes associated with secondary market trading (see "*Settlement and Transfer of Notes*" below).

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**") and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Book-Entry Ownership

Each Global Certificate will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a Common Depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as the holder of a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the Common Depositary by whom such Rated Notes are held, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no

claim directly against the Issuer in respect of payments due on the Rated Notes for so long as the Rated Notes are represented by such Global Note Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note Certificate in respect of each amount so paid. None of the Issuer, the Note Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Rated Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the Transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the Transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes unless and until interests in any Global Note Certificate held within a Clearing System is exchanged for Individual Note Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Rated Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Rated Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Rated Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Rated Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Pre-issue Trades Settlement

It is expected that delivery of Rated Notes will be made against payment therefor on the Issue Date thereof, which could be more than three Business Days following the date of pricing. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Rated Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Rated Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Rated Notes. 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. Holders of Rated Notes who are in any doubt as to their tax position should consult their professional advisers. Holders of Rated Notes 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, Holders of Rated Notes 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.

Interest on the Rated Notes

Withholding tax on payments of interest on the Rated Notes

The Rated Notes will constitute "*quoted Eurobonds*" provided they are and continue to be listed on a recognised stock exchange. Whilst the Rated Notes are and continue to be quoted Eurobonds, payments of interest on the Rated Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area States, in a country outside the United Kingdom in which there is a recognised stock exchange. The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Rated Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Provision of Information

HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Rated Notes (or the persons for whom the Rated Notes are held), details of the persons to whom payments derived from the Rated Notes are or may be paid and information in connection with transactions relating to the Rated Notes. Information obtained by HMRC may be provided to tax authorities in other countries.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State is required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in another Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced it will no longer apply

the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date. On 25 November 2014 Luxembourg enacted legislation to this effect.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Council formally adopted a Council Directive amending the Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or secured for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover additional types on income payable on securities.

Other Rules relating to United Kingdom Withholding Tax

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 19 of the Notes and does not consider the tax consequences of any such substitution.

Where interest has been paid under deduction of United Kingdom income tax, Holders of Rated Notes 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.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA.

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), the Issuer and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Notes made after 31 December 2016. This withholding does not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are filed with the Federal Register, unless the Notes are characterized as equity for U.S. federal income tax purposes. If the Issuer itself is not in compliance with FATCA, payments it receives may be subject to FATCA withholding.

The United States and the United Kingdom entered into an intergovernmental agreement to implement FATCA (the "UK IGA"). Under the UK IGA, a foreign financial institution that is treated as resident in the United Kingdom and that complies with the requirements of the UK IGA, will not be subject to FATCA withholding on payments it receives and will not be required to withhold on payments of non-U.S. source income. If the Issuer is unable to comply with the requirements of the UK IGA, for example, because it is unable to obtain information about Noteholders, it could become subject to withholding on U.S. source payments and "foreign passthru payments" received from other FFIs, which could reduce the amount of cash available for distribution to Noteholders. The United States is in the process of negotiating intergovernmental agreements to implement FATCA with a number of other jurisdictions. Different rules than those described above may apply if a Noteholder is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a paying agent or any other party as a result of the deduction or withholding of such amount. As a result, if FATCA withholding is imposed on these payments, investors may receive less interest or principal than expected.

An investor that is a "foreign financial institution" (as defined under the FATCA rules) but that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Investors should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

USE OF PROCEEDS

The proceeds of the Notes issued on the Issue Date will be £3,200,100,000. All of the Notes will be transferred on the Issue Date to the Originator and part of the subscription proceeds received by the Issuer will be paid by the Issuer to the Originator as part of consideration for the declaration of trust by the Originator over the Loans Trust Property and approximately £100,000 will be used to pay the initial expenses of the issuance.

The expected expenses of approximately €5,440 in connection with the admission of the Rated Notes to the Official List and trading on the regulated market of the Irish Stock Exchange will be paid by the Originator on the Issuer's behalf.

SUBSCRIPTION AND SALE

General

The Issuer has undertaken to indemnify and hold harmless the Arranger in respect of any liability incurred in the context of the arranging of the Notes.

In accordance with the terms of the Note Purchase Agreement, the Issuer has agreed to issue the Notes and the Note Purchaser has agreed (subject to certain conditions) to subscribe and pay for the Notes on the Issue Date and part of the proceeds of subscription paid by the Note Purchaser to the Issuer will be paid by the Issuer to the Note Purchaser as part of the consideration for vesting in the Issuer the Investor Interest.

Public Offer Selling Restrictions Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Note Purchaser has represented to and agreed with the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer to the public in that Relevant Member State at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities, **provided that** no such offer of Notes shall require the Issuer or any Arranger to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes" to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

The Note Purchaser has represented to and agreed with the Issuer, amongst other things, that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) 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.

The United States of America

The Note Purchaser has represented to and agreed with, *inter alios*, the Issuer that:

- (a) the Notes, have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Rule 902 of Regulation S promulgated under the Securities Act) and the Issuer has not registered as an investment company under the Investment Company Act. The Originator has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment in the United States or to any U.S. Person. Accordingly, the Originator has represented and agreed that neither it, its

affiliates nor any persons acting on its behalf have engaged or will engage in any directed selling efforts with respect to the Notes and it has compiled and will comply with the offering restrictions requirement of Regulation S. "The Notes covered hereby have not been registered under the Securities Act and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons at any time.

- (b) except to the extent permitted under United States Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period that it will not offer or sell, any Notes to a person who is within the United States or its possessions or to a U.S. Person, and (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes that are sold during the restricted period;
- (c) it has, and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. Person, except as permitted by the D Rules;
- (d) if the Note Purchaser is a U.S. Person, it has represented that it is acquiring the Notes for the purposes of resale in connection with their original issuance and if it retains Notes for its own account it will only do so in accordance with the requirements of United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(6);
- (e) with respect to each affiliate of the Note Purchaser that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, the Note Purchaser has either (i) repeated and confirmed the representations and agreements contained in paragraphs (b), (c), (d) and (e) on its behalf or (ii) agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (b), (c), (d) and (e); and
- (f) the Note Purchaser has represented and agreed that it will obtain from any distributor (within the meaning of United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(4)(ii)) that purchases any of the Notes from the Note Purchaser (except a distributor who is an affiliate of the Note Purchaser), for the benefit of the Issuer and the Note Purchaser, an agreement to comply with the provisions, representations and agreements contained in paragraphs (b) through (f), as if such distributor were an Note Purchaser hereunder.

Terms used in paragraphs (b) through (f) have the meanings given to them by the United States Internal Revenue Code 1986, as amended, and regulations thereunder, including the D Rules. As used in paragraphs (b) through (f) "**U.S. person**" means any person who is, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States of any political subdivision thereof or therein or (iii) an estate the income of which is subject to United States taxation regardless of its source; or a trust (z) that is subject to the supervision of a court within the United States and the control of a U.S. person as described in Section 7701(a)(30) of the Code or (y) that has a valid election in effect under applicable United States Treasury regulations to be treated as a U.S. person.

Ireland

The Note Purchaser has represented, warranted and agreed with the Issuer, amongst other things, that:

- (a) It has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite, the issue of any Notes to the public within Ireland except in circumstances which do not require the prior publication of a prospectus pursuant to Article 3(2) of Directive 2003/71/EC;
- (b) to the extent applicable, it has complied with and will comply with all applicable provisions of the Irish Companies Acts 1963-2009;
- (c) to the extent applicable, it will not underwrite the issue of, place, sell, offer or otherwise act in Ireland in respect of the Notes, otherwise than in compliance with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007) (as amended), and it will conduct itself in accordance with any codes or rules of conduct and any

conditions and requirements, or any other enactment, imposed or approved by the Irish Financial Services Regulatory Authority with respect to anything done by them in relation to the Notes;

- (d) to the extent applicable, it will not underwrite the issue of, sell, place, offer or otherwise act in Ireland in respect of the Notes, otherwise than in compliance with the provisions of the Market Abuse Directive (2003/6/EC) Regulations 2005 and any rules issued by the Irish Financial Services Regulatory Authority pursuant thereto; and
- (e) it will not offer, sell, place or underwrite the issue of any Notes in Ireland otherwise than in compliance with the provisions of the Irish Central Bank Acts 1942 – 2007 (as amended) and any codes of conduct rules made under Section 117 (1) thereof.

Investor Compliance

Persons into whose hands this Prospectus comes are required by the Issuer and the Arranger to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Additional representations and restrictions applicable to the Class S Note

Any holder of the Class S Note may make a transfer of the whole of its Class S Note or create or grant any Encumbrance in respect of such Class S Note if all of the following conditions are satisfied:

- (a) the Class S Noteholder making such transfer or subjecting the Class S Note to such Encumbrance shall be solely responsible for any costs, expenses or taxes which are incurred by the Issuer, the Class S Noteholder or any other person in relation to such transfer or Encumbrance; and
- (b) the transferee is a Qualifying Noteholder.

No Paying Agent shall pay any Class S Interest Payment to the holder of a Class S Note and such holder, shall not be entitled to receive such relevant interest amount on any Payment Date free of any relevant withholding or deduction for or on account of United Kingdom income tax, unless and until it has provided (i) to the Paying Agent, details of the account into which such payments should be made; and (ii) to the Issuer, a tax certificate substantially in the form set out in Schedule 3 (*Form of Tax Certificate*) of the Agency Agreement (the "**Tax Certificate**") and the Issuer (or the Cash Administrator on behalf of the Issuer in accordance with the terms of the Administration Agreement) has confirmed in writing to the Paying Agent and the Registrar that such interest amount in respect of the Class S Note can be paid free of any relevant withholding or deduction for or on account of United Kingdom income tax. The Registrar shall upon receipt of such confirmation make a note of such confirmation in the Register.

Because of the foregoing restrictions, purchasers of the Class S Note are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

- (1) Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the Official List and trading on the Main Securities Market. This Prospectus has been approved by the Central Bank of Ireland (the Central Bank), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.
- (2) The creation and issue of the Notes has been authorised by a resolution of the board of directors of the Issuer dated 16 December 2014.
- (3) The Notes have been accepted for clearance and settlement through Euroclear and Clearstream under the following Common Codes and have been assigned the following ISINs and Ratings by the Rating Agencies:

	Common Code	ISIN	Rating Moody's/S& P	Credit Enhancement
Class A Notes	115248774	XS1152487747	A3(sf)/A-(sf)	Class B Notes, Class S Notes
Class B Notes	115249410	XS1152494107	Baa2(sf)/BBB(sf)	Class S Notes
Class S Notes	N/A	N/A	Unrated	N/A

- (4) There are no governmental, legal or arbitration proceedings, including any which are pending or threatened, of which the Issuer is aware, which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer.
- (5) Since the date of incorporation of the Issuer there has been (i) no significant change in the financial or trading position of the Issuer and (ii) no material adverse change in the financial position or prospects of the Issuer.
- (6) The Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
- (7) Copies of the latest audited annual financial statement of the Issuer will be available free of charge at the Issuer's registered office and the Specified Office of the Paying Agent during normal business hours for as long as any of the Notes are Outstanding. The Issuer will not publish interim financial statements. Copies of the Prospectus and the following documents will be available for inspection in electronic form at the Specified Office of the Paying Agent during normal business hours for as long as any of the Notes are Outstanding: the memorandum and articles of association of the Issuer, the Note Trust Deed, the Agency Agreement, the Originator Trust Deed, the Call Option Agreement, the Administration Agreement, the Account Bank Agreement, the Swap Agreement, the Incorporated Terms Memorandum and the Corporate Services Agreement. Holders of the Notes will also be entitled to inspect the Cash Administrator's statement setting out the amount of Available Funds that were available to the Cash Administrator on any Payment Date and the amounts paid in accordance with the Priority of Payments.
- (8) The Issuer will provide post-issuance Transaction information in the form of Investor Reports produced by the Cash Administrator on behalf of the Issuer. The Investor Report will contain information as set out in the Administration Agreement, including but not limited to information relating to the Notes and the Included Loan Advances.
- (9) The Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirement imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to listing and trading on its regulated market. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the listing of the Rated Notes and is not itself seeking admission of the Rated Notes to the official list of the Irish Stock Exchange or to

trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

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