

# IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them at any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, **REGULATION S**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S) IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. IN ADDITION, THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**). THE NOTES ARE NOT TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER THE SECTION ENTITLED "*TRANSFER RESTRICTIONS*" HEREIN.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing this offering circular, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the offering circular by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person located in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

THE NOTES OFFERED AND SOLD BY THE ISSUER OR THE SELLER DURING THE INITIAL SYNDICATION OF THE NOTES MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" (AS DEFINED IN THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE **U.S. RISK RETENTION RULES** AND SUCH PERSONS, **RISK RETENTION U.S. PERSONS**)).

PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF “U.S. PERSON” IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR, BUT NOT IDENTICAL, TO THE DEFINITION OF “U.S. PERSON” IN REGULATION S. PERSONS WHO ARE NOT “U.S. PERSONS” UNDER REGULATION S MAY BE “U.S. PERSONS” UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF NOTES OR BENEFICIAL INTERESTS THEREIN ACQUIRED DURING THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE EXEMPTION PROVIDED FOR IN SECTION \_\_.20 OF THE U.S. RISK RETENTION RULES).

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Drury Lane Funding 2020-1 PLC (the **Issuer**), Sainsbury’s Bank plc (**Sainsbury’s Bank**), BNP Paribas (the **Arranger**) or any person who controls any of the foregoing nor any director, officer, employee nor agent of any of the foregoing or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from Sainsbury’s Bank or BNP Paribas.

**DRURY LANE FUNDING 2020-1 PLC**

(incorporated in England and Wales under registered number 12767979)

Issuer legal entity identifier: 213800M9RWTU2SMOF693

Securitisation transaction unique identifier: 213800VDIFGJM2DF1R46N20201

**£500,000,000 CLASS A ASSET BACKED FLOATING RATE NOTES DUE DECEMBER 2035**

**£225,000,000 CLASS Z ASSET BACKED FLOATING RATE NOTES DUE DECEMBER 2035**

(the Notes)

Notes	Initial Principal Amount	Issue Price	Interest Rate	Final Maturity Date	Ratings (Moody's/ Fitch)
Class A	£500,000,000	100%	Compounded Daily SONIA+ 0.75%	The Interest Payment Date falling in December 2035	Aaa (sf)/ AAAsf
Class Z	£225,000,000	100%	Compounded Daily SONIA+ 2.00%	The Interest Payment Date falling in December 2035	Unrated

The date of this Offering Circular is 10th November 2020.

**Arranger and Lead Manager**

**BNP PARIBAS**

**Closing Date**

Drury Lane Funding 2020-1 PLC (the **Issuer**) will issue the Notes in the classes set out above on or about 11th November 2020 or such other date as agreed between the Issuer, the Seller and the Arranger and the Lead Manager (the **Closing Date**).

**Underlying Assets**

The Issuer will make payments on the Notes from, *inter alia*, a portfolio comprising receivables (and certain ancillary rights) under or in connection with the Underlying Agreements originated by Sainsbury's Bank plc (the **Originator, Seller, Liquidity Reserve Provider, Servicer and SB**).

See the section entitled "*Characteristics of the Portfolio*" for more detail.

**Credit Enhancement and Liquidity Support**

- Subordination of the Class Z Notes to the Class A Notes.
- Following the termination of the Revolving Period, payments of principal on the Class A Notes and the Class Z Notes will be made in sequential order at all times.
- Excess Available Revenue Receipts.
- In respect of the Class A Notes and senior expenses ranking in priority thereto, the availability of the Liquidity Reserve and General Reserve.
- Application of Available Principal Receipts to cover any Revenue Deficiency.

See the sections entitled "*Credit Structure, Liquidity and Hedging*" and "*Cash Management*" for more detail.

**Redemption Provisions**

The Notes may be redeemed in whole or in part (as applicable) in the following cases:

- (a) a mandatory redemption in whole on the Final Maturity Date;
- (b) a mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date following the end of the Revolving Period subject to availability of Available Principal Receipts and application of Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments;
- (c) optional redemption in whole exercisable by the Issuer on any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes is equal to or less than 20 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date;
- (d) optional redemption in whole on any Interest Payment Date exercisable by the Issuer for tax reasons; and

- (e) optional redemption in whole following a Risk Retention Regulatory Change Event.

For information on optional and mandatory redemption of the Notes, see the section entitled "*Transaction Overview – Overview of the Terms and Conditions of the Notes*" and Condition 6 (*Redemption*).

## Rating Agencies

Fitch Ratings Ltd (**Fitch**) and Moody's Investors Service Limited (**Moody's**).

The Class A Notes are expected to be rated "Aaa (sf)" upon issuance, by Moody's and rated "AAAsf" upon issuance, by Fitch.

Each of Fitch and Moody's is established and operating in the European Union and is registered for the purposes of the EU Regulation on credit rating agencies (Regulation (EC) No. 1060/2009), as amended (the **CRA Regulation**), as it appears from the list published by the European Securities and Markets Authority (**ESMA**) on the ESMA website (being, as at the date of this document (the **Offering Circular** <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>)).

## Ratings

Ratings are expected to be assigned to the Class A Notes as set out above on or before the Closing Date.

The ratings reflect the view of the Rating Agencies and are based on the Purchased Receivables and the structural features of the transaction, and, *inter alia*, the ratings of the Swap Counterparty and the Account Bank.

The ratings assigned by Fitch and Moody's address the likelihood of (a) full and timely payment to the Noteholders of interest due on each Interest Payment Date and (b) full payment of principal on a date that is not later than the Final Maturity Date.

**The assignment of ratings to the Class A Notes is not a recommendation to invest in the Class A Notes. Any credit rating assigned to the Class A Notes may be revised or withdrawn at any time.**

**The Class Z Notes will not be rated.**

## Listing

This Offering Circular does not constitute a prospectus for the purpose of Regulation (EU) 2017/1129 as amended or superseded (the **Prospectus Regulation**). This Offering Circular constitutes listing particulars in respect of the admission of the Class A Notes to the official list (the **Official List**) of the Irish Stock Exchange Plc trading as Euronext Dublin (**Euronext Dublin**) and for the Notes to be admitted to trading on the Global Exchange Market (the **Global Exchange Market**) of Euronext Dublin. The Global Exchange Market is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**). Application has been made to Euronext Dublin for the approval of these listing particulars.

References in this Offering Circular to the Notes being **listed** (and all related references) shall mean that the Notes have been admitted to trading and have been admitted to the Official List of Euronext Dublin.

**Bank of England eligibility**

Certain investors in the Class A Notes may wish to consider the use of the Class A Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility (**DWF**) or Term Funding Scheme with additional incentives for SMEs (**TFSME**) or Indexed Long Term Open Market Operations (**ILTOMO**). Recognition of the Class A Notes as eligible securities for the purposes of the DWF or TFSME or ILTOMO will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Class A Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Class A Notes will not be eligible DWF or TFSME or ILTOMO collateral. See the section entitled "*Bank of England eligibility*".

**Obligations**

The Notes will be obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, or guaranteed by, or be the responsibility of, any Transaction Party (as defined below) other than the Issuer. See the section entitled "*Noteholders cannot rely on any person other than the Issuer to make payments on the Notes*".

**EU Risk Retention**

The Originator will retain, on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of Article 6(1) of Regulation (EU) 2017/2402 as amended, varied, superseded or substituted from time to time (the **Securitisation Regulation**) (which does not take into account any relevant national measures). Such interest will be comprised of an interest in the first loss tranche in accordance with Article 6(3)(d) of the Securitisation Regulation. Any change in the manner in which the interest is held will be notified to the Noteholders. See the section entitled "*Certain Regulatory Considerations*" and the section entitled "*Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes*" for further information.

**Simple, Transparent and Standardised (STS) Securitisation**

The Originator intends to procure that a notification be submitted to ESMA and the UK Financial Conduct Authority (**FCA**), in accordance with Article 27 of the Securitisation Regulation, confirming that the requirements of Articles 19 to 22 of the Securitisation Regulation for designation as STS securitisation (the **STS Requirements**) have been satisfied with respect to the Notes (such notification, the **STS Notification**).

The STS Notification, once notified to ESMA, will be available for download on the ESMA STS Register website at <https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-sts-securitisation> (or its successor website) (the **ESMA STS Register website**). For the avoidance of doubt, the ESMA STS Register website and the contents thereof do not form part of this Offering Circular.

The STS status of the Notes is not static and investors should verify the current status on the ESMA STS Register website, which will be updated where the Notes are no longer considered to be STS following a decision of competent authorities or a notification by the Originator. No assurance can be given that the Notes will continue to be considered STS because STS requirements may change over time.

In relation to the STS Notification, the Originator has been designated as the first point of contact for investors and competent authorities.

The Originator and the Issuer have used the services of Prime Collateralised Securities (PCS) UK Limited (the **STS Verification Agent**), a third party authorised pursuant to Article 28 of the Securitisation Regulation, in connection with an assessment of the compliance of the Notes with the requirements of Articles 19 to 22 of the Securitisation Regulation (the **STS Verification**) (and to provide additional assessments with regard to the status of the Notes for the purposes of Article 243 and Article 270 of the Capital Requirements Regulation and Articles 7 and 13 of the LCR Regulation (the **STS Additional Assessments**)). It is expected that on and from the Closing Date the STS Verification and the STS Additional Assessments prepared by the STS Verification Agent will be available on its website at (<https://www.pcsmarket.org/sts-verification-transactions>) together with detailed explanations of its scope at <https://pcsmarket.org/disclaimer/>. For the avoidance of doubt, the website of the STS Verification Agent and the contents of that website do not form part of this Offering Circular.

See the risk factor entitled "*Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes*" for further information.

#### **U.S. Credit Risk Retention**

The transaction described in this Offering Circular is not intended to involve the retention by a sponsor of at least 5 per cent. of the credit risk of the securitised assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the **US Risk Retention Rules**), but rather intends to rely on an exemption provided for in Section \_\_.20 of the US Risk Retention Rules regarding non-US transactions. See the section entitled "*Risk Factors – Legal and Regulatory Risks – U.S. Risk Retention Requirements*".

#### **The Volcker Rule**

The Issuer was structured so as not to constitute a "covered fund" as defined in the regulations codified under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule" (the **Volcker Rule**). Any prospective investor in the Notes, including a bank or subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See the section entitled "*Risk Factors – Legal and Regulatory Risks – Effects of the Volcker Rule on the Issuer*".

#### **Benchmarks Regulation**

Amounts payable on Floating Rate Notes are calculated by reference to the Sterling Overnight Index Average (**SONIA**).

As at the date of this Offering Circular, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 (the **Benchmark Regulation**). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmark Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

**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 MAKE THEMSELVES AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act, **Regulation S**) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. Accordingly, the Notes are being offered, sold or delivered only to non-U.S. persons (as defined in Regulation S) outside the United States in reliance on Regulation S.



## IMPORTANT INFORMATION

**THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER "*RISK FACTORS*" BEGINNING ON PAGE 1 IN THIS OFFERING CIRCULAR BEFORE YOU PURCHASE ANY NOTES.

This document (the **Offering Circular**) does not constitute a prospectus for the purpose of Regulation (EU) 2017/1129 as amended or superseded (the **Prospectus Regulation**).

The Class A Notes will be represented on issue by a Global Note in registered form. The Notes may also be issued in definitive registered form in certain limited circumstances. The Class Z Notes will be issued in dematerialised certificate form.

The Issuer will deposit the Class A Notes on or about the Closing Date with Euroclear or Clearstream, Luxembourg as common safekeeper.

Each of Euroclear and Clearstream, Luxembourg will record the beneficial interests in the Global Notes (**Book-Entry Interests**) in respect of the Class A Notes. Book-Entry Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear or Clearstream, Luxembourg, and their respective participants.

THE DISTRIBUTION OF THIS OFFERING CIRCULAR AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS OFFERING CIRCULAR MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS OFFERING CIRCULAR IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS OFFERING CIRCULAR NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS OFFERING CIRCULAR COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND ARE SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE

UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS AND EXCEPTIONS TO UNITED STATES TAX REQUIREMENTS. THE NOTES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL SECURITIES LAW.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THE NOTES OFFERED AND SOLD BY THE ISSUER OR THE SELLER DURING THE INITIAL SYNDICATION OF THE NOTES MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" (**RISK RETENTION U.S. PERSON**) AS DEFINED IN THE U.S. RISK RETENTION RULES IN SECTION \_\_.20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "U.S. RISK RETENTION RULES"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S. PERSONS WHO ARE NOT "U.S. PERSONS" UNDER REGULATION S MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR BENEFICIAL INTERESTS THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE EXEMPTION PROVIDED FOR IN SECTION \_\_.20 OF THE U.S. RISK RETENTION RULES).

THE NOTES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER AS DESCRIBED HEREIN. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THE NOTES WILL BE DEEMED, BY ITS ACQUISITION OR HOLDING OF SUCH NOTES, TO HAVE MADE THE REPRESENTATIONS SET FORTH IN THE OFFERING CIRCULAR (IN THE SECTION ENTITLED "*TRANSFER RESTRICTIONS*") AND THE TRUST DEED THAT ARE REQUIRED OF SUCH PURCHASERS AND TRANSFEREES. ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER ATTEMPTED TRANSFER, OF NOTES WHICH IS NOT MADE IN COMPLIANCE WITH THE APPLICABLE TRANSFER RESTRICTIONS WILL BE VOID *AB INITIO*. THE NOTES WILL ALSO BEAR RESTRICTIVE LEGENDS.

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

offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. Prospective investors are referred to the section headed "*Subscription and Sale*" on page 194 for further information.

**MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

**THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "*TRANSFER RESTRICTIONS*".**

The Notes will bear restrictive legends and will be subject to restrictions on transfer as described herein. The Arranger, the Lead Manager and each subsequent transferee of the Notes will be deemed, by its acquisition or holding of such Notes, to have made the representations set forth in such Notes and the Trust Deed that are required of such initial purchasers and transferees. Any resale or other transfer, or attempted resale or other attempted transfer, of Notes which is not made in compliance with the applicable transfer restrictions will be void. See the section entitled "*Transfer Restrictions*".

None of the Transaction Parties makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations and prospective investors should consult their legal advisers to determine whether and to what extent the investment in the Notes constitute a legal investment for them.

Each person receiving this Offering Circular acknowledges that (i) such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein, (ii) such person has not relied on any of the Transaction Parties (other than the Issuer) in connection with its investigation of the accuracy of such information or its investment decision, (iii) no person has been authorised to give any information or to make any representation regarding the Notes other than as contained herein and if given or made, any such other information or representation should not be relied upon as having been authorised, and (iv) neither the delivery of this Offering Circular nor any sale made hereunder will create any implication that the information herein is correct as of any time since the date hereof.

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure such is the case, the information in this Offering Circular, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Seller accepts responsibility for the initial paragraph in the section entitled "*Certain Regulatory Considerations*" and the sections entitled "*Characteristics of the Portfolio*", "*Servicing of Collections*" and "*The Seller, Originator, Liquidity Reserve Provider and Servicer*" and declares that, having taken all reasonable care to ensure such is the case, the information in such section, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Swap Counterparty accepts responsibility for the section entitled "*The Swap Counterparty*" and declares that, having taken all reasonable care to ensure such is the case, the information in such section, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Note Trustee and the Security Trustee accept responsibility for the section entitled "*The Note Trustee and Security Trustee*" and declare that, having taken all reasonable care to ensure such is the case, the information in such section, to the best of their knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Arranger and the Lead Manager do not accept any responsibility for compliance of the Issuer or the Seller (as applicable) with the requirements of the Securitisation Regulation and has not assisted or advised the Issuer or the Seller (as applicable) with its compliance with the requirements of the Securitisation Regulation or the Seller with its compliance with the requirements of the US Risk Retention Rules.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Security Trustee, the Note Trustee, the Arranger, the Lead Manager, the Cash Manager, the Account Bank, the Custodian, the Principal Paying Agent, the Registrar or the Agent Bank as to the accuracy or completeness of any information contained in this Offering Circular or any other information supplied in connection with the Notes or their distribution.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Notes other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Transaction Parties or any of their respective affiliates or advisers. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or the Seller or in the other information contained herein since the date hereof. The information contained in this Offering Circular was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Note Trustee or any of the Transaction Parties or the Arranger and the Lead Manager as to the accuracy or completeness of such information. None of the Note Trustee or any of the Transaction Parties or the Arranger or the Lead Manager has separately verified the information contained herein. Accordingly, none of the Note Trustee or any of the Transaction Parties or the Arranger and the Lead Manager makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

The delivery of this Offering Circular at any time does not imply that the information herein is correct at any time subsequent to its date.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Seller, the Arranger, the Lead Manager, the Security Trustee, the Note Trustee, the Cash Manager, the Account Bank, the Custodian, the Principal Paying Agent, the Registrar or the Agent Bank or any of them to subscribe for or purchase any of the Notes in any jurisdiction where such action would be unlawful and neither this Offering Circular, nor any part thereof, may be used for or in connection with any offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Neither the Arranger and the Lead Manager nor any other Transaction Party shall be responsible for the execution, legality, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any document or agreement relating to the Notes.

The Arranger and the Lead Manager are not responsible for any obligation of the Originator or the Issuer for compliance with the requirements (including existing or ongoing reporting requirements) of Article 7 of the Securitisation Regulation or any corresponding national measures which may be relevant.

This Offering Circular is personal to the offeree who received it from the Arranger and the Lead Manager and does not constitute an offer to any other person to purchase any Notes.

The Notes are being offered only to a limited number of investors that are willing and able to conduct an independent investigation of the characteristics of the Notes and the risks of ownership of the Notes. It is expected that prospective investors interested in participating in this offering will conduct an independent investigation of the risks posed by an investment in the Notes. Representatives of the Arranger and the Lead Manager will be available to answer questions concerning the Issuer and the Notes. Prospective purchasers of the Notes must be able to hold their investment for an indefinite period of time.

This Offering Circular is not intended to furnish legal, regulatory, tax, accounting, investment or other advice to any prospective purchaser of the Notes.

This Offering Circular should be reviewed by each prospective purchaser and its legal, regulatory, tax, accounting, investment and other advisers. Prospective purchasers whose investment authority is subject to legal restrictions should consult their legal advisers to determine whether and to what extent the Notes constitute legal investments for them.

## **Interpretation**

In this Offering Circular all references to **Pounds, Sterling, GBP** and **£** are references to the lawful currency of the United Kingdom of Great Britain at the date of this Offering Circular.

Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Capitalised terms used in this Offering Circular, unless otherwise indicated, have the meanings set out in this Offering Circular. An index of defined terms appears at the end of this Offering Circular in the section entitled "*Glossary of Terms*".

References to a provision of law is to be construed as a reference to such provision as the same may have been amended or re-enacted and any reference to a provision of any law of the European Union is to be construed as including a reference to such provision as the same may have been implemented, transposed, enacted or retained under the laws of the United Kingdom.

## **Forward-Looking Statements**

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on prepayment and certain other characteristics of the Underlying Agreements and Purchased Receivables, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the consumer finance industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Arranger and the Lead Manager have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Issuer, the Seller, the Arranger, the Lead Manager assume any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

Estimates of the weighted average life of the Notes included in this Offering Circular, together with any other projections, forecasts and estimates are supplied for information only and are forward-looking statements. Such projections, forecasts and estimates are speculative in nature and it can be expected that some or all of the assumptions underlying them may differ or may prove substantially different from the actual results. Consequently, the actual results might differ from the projections and such differences might be significant.

## **Significant investor**

The Seller will, on the Closing Date, purchase all of the Class A Notes. The Seller will also be the initial purchaser of all of the Class Z Notes. If the Seller and/or any Affiliate of the Seller is a beneficial owner of any Note or any Note is held for or for the benefit of the Seller and/or any Affiliate of the Seller, it will not be entitled to vote in respect of any Note in which it holds a beneficial interest unless the Seller and/or any of its Affiliates hold all the Notes of the relevant Class and (i) no other Classes exist that rank junior or *pari passu* to such Class or (ii) if any such other Class or Classes of Notes exist, no investor other than the Seller and/or any of its Affiliates is the beneficial owner of the Notes of such Class or Classes.

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## **RISK FACTORS**

*Investing in the Notes involves certain risks. This section sets out certain aspects of the Issuer and the Notes of which prospective Noteholders should be aware. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes and are limited to risks which are specific to (a) the Issuer and/or (b) to the Notes and which the Issuer believes could have a material adverse impact on the business, financial condition or results of operations of the Issuer, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Although the various risks discussed in this Offering Circular are generally described separately, potential investors in the Notes should consider the potential effects of the interplay of multiple risk factors. While the various structural elements described in this Offering Circular are intended to lessen some of these risks for holders of the Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes of interest or principal on the Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could nevertheless have a material impact on its business operations.*

*Prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **1. RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES**

#### ***The Issuer has a limited set of resources to make payments on the Notes***

The Issuer is a special purpose company with no business operations other than the issue of the Notes, the acquisition of its interest in the Purchased Receivables and the Ancillary Rights, the entry into the Swap Agreement and certain ancillary arrangements. The ability of the Issuer to meet its obligations under the Notes and its operating, administrative and other expenses will be dependent on the following:

- (a) the receipt by it of funds principally from the Purchased Receivables, which in turn will be dependent upon:
  - (i) the receipt by the Servicer or its agents of Collections from Customers in respect of the Purchased Receivables and the payment of those amounts by the Servicer in accordance with the Servicing Agreement and the Receivables Sale Agreement; and
  - (ii) the receipt by the Issuer of amounts due to be paid by the Seller as a result of any repurchase of Non-Compliant Receivables by the Seller or payment of the Compensation Amount or the Receivables Indemnity Amount;
- (b) the receipt by the Issuer of any net payments which the Swap Counterparty is required to make under the Swap Agreement;
- (c) in the case of the Class A Notes only, the credit balance of the Liquidity Reserve Ledger and the General Reserve Ledger;
- (d) interest income earned on cash balances held by the Issuer (if any);



- (e) receipt by the Issuer of payments (if any) under the other Transaction Documents in accordance with the terms thereof; and
- (f) following service of a Note Acceleration Notice, the proceeds of enforcement of the Charged Property (other than any Excess Swap Collateral).

Other than those amounts, the Issuer will not have any other material funds available to it to meet its obligations in respect of the Notes and its obligations ranking in priority to or *pari passu* with the Notes.

As the Purchased Receivables are the primary component of the Charged Property, and the ability of the Issuer to make payments on the Notes is based on the performance of the Portfolio, the Issuer is ultimately subject to the risk that the balance of Defaulted Receivables in the Portfolio rises above certain levels, resulting in the Servicer being unable to realise, collect or recover sufficient funds and ultimately resulting in the Issuer being unable to discharge its obligations in respect of payments of interest and of principal on the Notes. In addition, in respect of Defaulted Receivables, the Seller is required to account for Recoveries to the Issuer. Such Recoveries may not be sufficient to cover the difference between the Initial Purchase Price paid by the Issuer for the related Receivable and any amounts received by the Issuer in respect of any Receivable, ultimately resulting in the Issuer being unable to discharge its obligations in respect of payments of interest and of principal on the Notes.

These risks are addressed in relation to the Class A Notes in part by the credit support provided by the subordination of the Class Z Notes, together with the availability of the Liquidity Reserve and the General Reserve to, among other things, pay interest on the Class A Notes. There can be, however, no assurance that the levels of credit support provided will be adequate to ensure timely and full payment of all amounts due under the Class A Notes.

The Issuer's ability to make full and timely payments of interest and principal on the Notes will be dependent on the Servicer performing its obligations under the Servicing Agreement to collect amounts due and payable by Customers into the Collections Accounts and transfer amounts so collected to the Transaction Account, and on payments actually being made by Customers or guarantors thereof (in respect of whom no security has been or will be taken to secure such payment obligations), and receipt of amounts otherwise realised or recovered from or in respect of the Purchased Receivables and the Ancillary Rights relating thereto.

The various risks existing in respect of payments of interest and principal due on the Notes are, to some extent, mitigated by the availability of support provided by the credit structure. The Liquidity Reserve will be established and funded on the Closing Date by the Liquidity Reserve Provider up to the Liquidity Reserve Required Amount and thereafter from Available Revenue Receipts allocated in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The Liquidity Reserve will cover, *inter alia*, the risk of delayed payment or non-payment in respect of the Purchased Receivables and, from the Closing Date to and including the Final Class A Interest Payment Date, will be used towards paying items (a) to (g) of the Pre-Acceleration Revenue Priority of Payments. In addition, the General Reserve will be established on the Closing Date to be funded from Available Revenue Receipts allocated in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The General Reserve will also cover, *inter alia*, the risk of delayed payment or non-payment in respect of the Purchased Receivables and to eliminate any debits on the Class A Principal Deficiency Sub-Ledger and, up to and including the Final Class A Interest Payment Date, will be used towards paying items (a) to (i) of the Pre-Acceleration Revenue Priority of Payments. On the Final Class A Interest Payment Date, any amount representing the Reserve Excess Amount (being the Liquidity Reserve Required Amount as at the preceding Interest Payment Date plus the General Reserve Required Amount as at the preceding Interest Payment Date) will be remitted to the Liquidity Reserve Provider as repayment of the Reserve Proceeds. If, however, the levels of delayed payment or non-payment in respect of Purchased Receivables exceed those

assumed for the purposes of determining the credit structure and the sizing of the different reserves and components thereof, the Issuer may have insufficient funds to pay in full principal and interest in respect of the Notes and other amounts ranking in priority to or *pari passu* with such principal and interest which are due on any Interest Payment Date.

Upon enforcement of the security for the Notes and the other Secured Liabilities, the Security Trustee will (subject to it being instructed and indemnified, and/or pre-funded, and/or secured to its satisfaction) have recourse to the Charged Property (including the Purchased Receivables and all other assets of the Issuer then in existence, together with the rights of the Issuer against the Swap Counterparty under the Swap Agreement and the amounts standing to the credit of the Issuer Bank Accounts but excluding, for the avoidance of doubt, any Excess Swap Collateral).

In addition, neither the Issuer nor the Security Trustee will have any general right of recourse to the Originator. The Deed of Charge provides that, upon enforcement, certain payments (including all amounts payable to any Receiver appointed under the Deed of Charge, the Note Trustee and the Security Trustee), including costs of enforcement, notwithstanding the fact that the Security Trustee has been directed to enforce the security by the Note Trustee and the fees and expenses payable to a substitute administrator, subject to a limit, and payments due to the Swap Counterparty under the Swap Agreement, will be made in priority to payments in respect of interest on the Class A Notes, and all such payments will rank ahead of, among other things, all amounts then owing to the Class Z Noteholders.

***Noteholders cannot rely on any person other than the Issuer to make payments on the Notes***

The Notes will be limited recourse obligations solely of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, the Note Trustee, the Security Trustee, the Share Trustee, the Agents, the Listing Agent, the Account Bank, the Custodian, the Cash Manager, the Corporate Services Provider, the Servicer, the Back-Up Servicer Facilitator, the Seller, Holdings, the Swap Counterparty, the Arranger and Lead Manager or any other parties to the Transaction Documents.

All payment obligations of the Issuer under the Notes constitute limited recourse obligations to pay. Therefore, the Noteholders will have a claim under the Notes against the Issuer only and only to the extent of the security granted pursuant to the Deed of Charge which includes, *inter alia*, all monies, rights powers and property distributed or derived from, or accrued in or related to the Issuer's interest in the Purchased Receivables. The Charged Property may not be sufficient to pay amounts due under the Notes, which may result in a shortfall in amounts available to pay interest and principal on the Notes.

The enforcement of the payment obligations under the Notes shall only be effected by the Security Trustee in accordance with the Deed of Charge. Upon enforcement of the Security by the Security Trustee and after the distribution of the Issuer's assets, if there are amounts that are not paid in full, any amounts outstanding will be deemed to be discharged in full and any payment rights are deemed to cease as described in more detail in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*).

Condition 10 (*Enforcement, Limited Recourse and Non-Petition*) limits the ability of the Noteholders to take individual action against the Issuer or any of the Charged Property in any circumstances except where the Note Trustee or the Security Trustee, having become bound to take action against the Issuer, fails to do so within a reasonable period of becoming so bound, and prevents the Noteholders from taking or joining in taking steps for the purpose of petitioning for Insolvency Proceedings or other similar or analogous proceedings in respect of the Issuer.

In addition, pursuant to Condition 10 (*Enforcement, Limited Recourse and Non-Petition*), following the occurrence of an Event of Default, the Note Trustee cannot be required to direct the Security

Trustee to enforce, and the Security Trustee cannot be required to enforce, the Security except pursuant to a request in writing of the holders of at least one-fifth in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or an Extraordinary Resolution of the holders of the Most Senior Class of Notes (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction). For the avoidance of doubt, pursuant to Condition 9 (*Events of Default*), the Note Trustee may serve a Note Acceleration Notice at its absolute discretion following the occurrence of an Event of Default.

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Deed of Charge shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

In addition, neither the Issuer nor the Security Trustee will have any general right of recourse to the Originator except (a) as provided in the Receivables Sale Agreement for breach of warranty and for breach of other obligations by it as Seller and (b) in relation to the Servicing Agreement for breach of its obligations as Servicer thereunder.

#### ***Market for Receivables***

The ability of the Issuer to redeem all the Notes in full, after the occurrence of an Event of Default in relation to the Notes, while any of the Purchased Receivables remain outstanding, may depend on whether the Purchased Receivables can be sold, otherwise realised or refinanced so as to obtain a sufficient amount available for the distribution to the Issuer to enable it to redeem the Notes. There is no established active and liquid secondary market for consumer loan receivables in the United Kingdom. It is therefore possible that neither the Issuer nor the Security Trustee is or will be able to sell, otherwise realise or refinance the Purchased Receivables on appropriate terms should it be necessary for it to do so. Any failure by the Issuer or the Security Trustee to sell or refinance the Purchased Receivables following an Event of Default could have an adverse effect on the Issuer's ability to make payments under the Notes.

#### ***Termination payments on the termination of the Swap Agreement may adversely affect the funds available to make payments on the Notes***

If the Swap Agreement is terminated, the Issuer may be obliged to make a termination payment to the relevant Swap Counterparty. The amount of the termination payment will be based on the cost of entering into a replacement swap agreement on terms equivalent to the Swap Agreement.

Except where the Issuer has terminated the Swap Agreement as a result of the Swap Counterparty's default or ratings downgrade (as to which see further below), any termination payment due by the Issuer following termination of the Swap Agreement (including any extra costs incurred if the Issuer cannot immediately enter into a replacement swap agreement) will also rank in priority to payments in respect of the Class A Notes and the Class Z Notes.

Therefore, if the Issuer is obliged to make a termination payment to the Swap Counterparty or pay any other additional amounts as a result of the termination of the Swap Agreement, this could affect the Issuer's ability to make timely payments on the Notes.

There is no assurance that the Issuer will have sufficient funds available to make any termination payments under the Swap Agreement or to make subsequent payments of interest to the Noteholders in respect of all the Notes. Nor can the Issuer give any assurance that it will be able to enter into a

replacement Swap Agreement or if one is entered into that the terms of that replacement Swap Agreement will be as favourable as the terms of the then current Swap Agreement or that the credit rating of the replacement Swap Counterparty (notwithstanding the terms of the Transaction Documents) will be sufficiently high to prevent a reduction, qualification or withdrawal of the then current ratings of the Class A Notes by the Rating Agencies.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, investors may be adversely affected.

## **2. RISKS RELATING TO THE UNDERLYING ASSETS**

### ***Risk of late payment of monthly instalments***

While each Underlying Agreement has due dates for scheduled payments thereunder, there is no assurance that the Customers under those Underlying Agreements will pay in full or in part on the applicable due dates, or at all. Any such failure by the Customers to make payments under the Underlying Agreements would have an adverse effect on the Issuer's ability to make payments under the Notes.

The risk of late payment by Customers is in part mitigated by the Liquidity Reserve, the General Reserve and the use of Available Principal Receipts to be applied in respect of Revenue Deficiencies. However, Noteholders should be aware that the Liquidity Reserve and the General Reserve can only be used to mitigate the risk of late payment with respect to the Class A Notes and not in respect of the Class Z Notes. If a Revenue Deficiency is subsisting, the Issuer may draw on the credit balance of the Liquidity Reserve, the General Reserve and, in respect of a Revenue Deficiency relating to the Class A Notes, Available Principal Receipts in certain circumstances to make payments in respect of interest on the Class A Notes. However, no assurance can be given that the Issuer will have sufficient funds to make payments in full in respect of the Notes. In addition, Available Principal Receipts may not be applied to pay a Revenue Deficiency with respect to any Class of Notes other than the Class A Notes.

In addition, the Seller may, but is not obliged to, repurchase any Defaulted Receivables or any COVID-19 Affected Receivables at par value which may in part mitigate the accumulation of credit losses in the Purchased Receivables.

### ***Average Life of the Notes and Prepayment Risk***

The Final Maturity Date of each Class of Notes is the Interest Payment Date falling in December 2035. However, the average life of each Class of Notes is expected to be shorter than the number of years until the Final Maturity Date. An estimate of the average life of the Notes of each Class, based on a Revolving Period commencing on the Closing Date and running to and including 36 months following the Closing Date, is set forth in the section "*Estimated Weighted Average Life of the Notes*". However, while the figures set out in that section are based on and qualified by the assumptions and hypothetical scenarios set out in that section, they are not predictive and nor do they constitute a forecast; the actual average life of each Class of Notes is likely to differ from the estimates made in that section.

The actual maturity periods of the different Classes of Notes may occur before the Final Maturity Date due to early payment of Purchased Receivables by Customers. Under the CCA, the Customer is allowed to make early settlement of the Underlying Agreement in full or in part before its scheduled final payment date. As this may occur at any time, there can be no assurance that there will be any particular pattern of payments. Accordingly, there can be no assurance as to the rate at which Notes will be redeemed. See further the section entitled "*Consumer Credit Regulation in the UK – Consumer Credit Act 1974*".

Further, the maturity periods of the different Classes of Notes may also be affected if the Seller repurchases any Purchased Receivables. Any payment received by the Issuer in respect of any such repurchase will have the same effect as a prepayment in full of the relevant Purchased Receivables. The Seller has an obligation to repurchase Receivables if there has been a breach of a Receivables Warranty and the Seller also has an option to repurchase Defaulted Receivables or Receivables subject to a COVID-19 Payment Deferral. It is noted that any optional repurchase of Defaulted Receivables or COVID-19 Affected Receivables is at par value and may, in certain circumstances, result in the relevant Default Amounts not being recorded on the relevant Principal Deficiency Ledgers. This could mean that certain losses associated with Defaulted Receivables that are purchased by the Seller will not be recorded for the purpose of the Cumulative Default Ratio in respect of any Calculation Period. See further the section entitled "*Overview of the Transaction Documents – Receivables Sale Agreement*".

In addition, the terms of the Notes provide for an optional early redemption of the Notes by the Issuer in the following circumstances:

- (a) where the Principal Amount Outstanding of the Notes is equal to or less than 20 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date;
- (b) as a result of any obligation on the Issuer to make a withholding or deduction for or on account of tax in respect of payments under the Notes by reason of a change in tax law; and
- (c) where there has been a Risk Retention Regulatory Change Event.

Any exercise by the Issuer of its right to redeem the Notes in any of the above circumstances may result in the Notes being redeemed earlier than anticipated by the Noteholders.

#### ***Potential Adverse Changes to the Value and/or Composition of the Portfolio***

Certain geographical regions in the United Kingdom may from time to time experience weaker regional economic conditions and markets than other regions in the United Kingdom. In addition, any natural disasters or widespread health crises or the fear of such crises (such as coronavirus (including the novel coronavirus-19 (**COVID-19**), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases) in a particular region may weaken economic conditions. Consequently, particular regions could experience higher rates of loss and default on consumer loan contracts generally.

The Eligibility Criteria (as defined below) do not contain any restrictions on the geographic concentrations in the Portfolio. Furthermore, no assurances can be given that circumstances in the future will not change such that the composition of the Portfolio at any time in the future may deteriorate in view of the circumstances then subsisting. During the Revolving Period, the geographic concentrations of Purchased Receivables may change from such concentrations as at the Closing Date as Further Receivables are added to the Portfolio.

#### ***Changing characteristics of the Purchased Receivables during the Revolving Period***

During the Revolving Period, Available Principal Receipts may be used to purchase Further Receivables from the Seller or, to the extent not applied to purchase such Further Receivables on an Interest Payment Date, will be credited to the Reinvestment Ledger to be applied on any Business Day following such Interest Payment Date. The Purchased Receivables comprising the Initial Portfolio and Further Receivables may also be prepaid or default during the Revolving Period, and therefore the characteristics of the Portfolio may change after the Closing Date, and could be substantially different at the end of the Revolving Period from the characteristics of the pool of Purchased Receivables

comprising the Initial Portfolio. These differences could result in faster or slower repayments than currently scheduled and/or greater losses on the Notes.

Because of payments on the Purchased Receivables and purchases of Further Receivables during the Revolving Period, concentrations of Customers in the pool may be substantially different from the concentration that exists on the Closing Date. Such concentration or other changes of the pool could adversely affect the delinquency, or credit loss, of the Purchased Receivables.

***Application of the CCA, as amended, and other legislation may impede collection efforts and could cause early redemption of the notes and/or a loss on the notes***

There is a substantial amount of regulation and legislation that is applicable to consumer credit in the United Kingdom. Of particular importance for prospective investors' investment in the notes is the CCA and the Consumer Rights Act (the **CRA**), as applicable. The CCA and the CRA (as applicable) apply to the Underlying Agreements, which may result in adverse consequences for Noteholders' investment in the Notes because of possible unenforceability of an agreement or unenforceability of terms contained in the agreements which may be subject to challenge for fairness, creditor's disentitlement to interest and charges applied under the agreement, and remedies for the imposition of an unfair relationship. See further the section entitled "*Consumer Credit Regulation in the UK – Consumer Credit Act 1974*".

***Future changes of law and regulation affecting consumer credit agreements and related matters***

In the context of consumer credit regulation, there are a significant number of complex regulations applied by the FCA. It should be noted that the regulations themselves, related laws and regulatory practice are all liable to change during the life of the Notes. The nature of such changes and the ultimate impact is difficult to predict and therefore there is no certainty of the impact which any regulatory change could have with regards to the performance of the assets which may ultimately have an adverse impact on the Issuer's ability to make timely payments on the notes.

Regulation of consumer credit agreements and related matters is subject to regular legislative intervention both at a UK and previously European level. No assurance can be given that changes will not be made to the regulatory regime in respect of the personal loans market in the United Kingdom generally, the Issuer's particular sector in that market or specifically in relation to the Issuer. In particular, no assurance can be given as to the impact of any possible change to the law (including any change in regulation which may occur without a change in primary legislation) or administrative practice after the date of this Offering Circular nor can any assurance be given that any such change will not result in adverse consequences such as a loss on, or early redemption of, the Notes.

The matters described above, together with any other changes to laws, regulations or regulatory guidance applying to the Issuer or the Underlying Agreements, may result in increased compliance costs, unrecoverable losses on the Underlying Agreements and/or reduce the Issuer's ability to generate Receivables. Investors may consequently receive less interest or principal than expected or the Notes may be redeemed early. The main consequences of a credit agreement being regulated by the CCA are set out in the section "*Consumer Credit Regulation in the UK – Consumer Credit Act 1974*" below.

***Ongoing regulatory investigations may affect the yield obtained by/on the Securitised Portfolio and cause a loss on and/or the early redemption of the Notes.***

Since the FCA took over regulation of consumer credit in 2014 from the Office of Fair Trading (OFT), there have been numerous regulatory reviews and consultations into the consumer credit sector, resulting in regulatory rule changes and investigations, leading to some firms taking voluntary remediation action in some areas, including in relation to assessments of affordability which continues

to be a key area of the FCA's focus. As part of the transfer of consumer credit regulation to the FCA, Parliament repealed some CCA provisions and some were replaced by FCA rules. The FCA was then required to undertake a review of the remaining provisions and published its final report in March 2019. Therefore there is the potential for further developments in respect of the retained provisions depending upon the decisions taken by the Government. The outcome of potential regulatory developments is uncertain but they may have an impact on the yield obtained on the Portfolio.

In addition, if the FCA were to find that any agreement or contract (including an Underlying Agreement) of the Issuer, or the performance by the Issuer of any obligation in respect of such an agreement or contract, breaches any law or regulation applicable to the Issuer, the FCA would have broad enforcement powers over the Issuer (see further the section entitled "*Consumer Credit Regulation in the UK— Consumer Credit Act 1974*" below). Any enforcement action taken by the Relevant FCA could result in adverse consequences for Noteholders' investment in the Notes including reduced, delayed or accelerated payments on the notes or a reduction in the credit quality or credit rating of the Notes.

***The COVID-19 pandemic may have negative effects on the Portfolio: COVID-19 Payment Deferrals***

A Customer may from time to time request from the Servicer a 'payment deferral' of the payment obligations under the consumer loan contract to which is a party, as a result of the direct or indirect impact of the COVID-19 pandemic (as at the date of this Offering Circular, limited to a three month period (or six month period where an initial payment deferral of three months has already been granted)) (the **COVID-19 Payment Deferral**). Investors should note in this regard, the FCA COVID-19 Guidance described in the section entitled "*Consumer credit loans and coronavirus – FCA guidance for firms*" and the payment deferral measures outlined therein.

Any Receivable which becomes subject to a COVID-19 Payment Deferral following a successful application by the Customer will remain in the Portfolio (subject to the Seller's option to repurchase such Receivable). Whether or not a COVID-19 Payment Deferral will be granted is subject to the prevailing Credit and Collection Procedures of the Servicer, which may be amended from time to time in accordance with the terms of the Transaction Documents. Further, the FCA in the FCA COVID-19 Guidance requires the Servicer to act in a manner consistent with the FCA COVID-19 Guidance. Any failure to comply with the FCA Guidance could result in the FCA taking enforcement action against the Seller for breach of their obligation to treat customers fairly and/or certain applicable FCA rules.

In accordance with the FCA COVID-19 Guidance, any Receivable which is subject to a COVID-19 Payment Deferral will not, as a result of the grant of a COVID-19 Payment Deferral, be considered in arrears (or further in arrears) or be subject to a debt restructuring process and will not be reported as such to the investors (for the avoidance of doubt, except in relation to loans that were in arrears when the COVID-19 Payment Deferral was granted, for which the arrears accrued before the start of the COVID-19 Payment Deferral period will continue to be reported as arrears, but the missed payments during the COVID-19 Payment Deferral period will not be treated as an increase in arrears).

Due to the impact on both the timing and quantum of payments in respect of the Receivables, increased levels of Receivables which are subject to a COVID-19 Payment Deferral may result in a reduction of funds available to the Issuer to meet its obligations under the Notes. As of the Cut-Off Date, no Receivables are subject to a COVID-19 Payment Deferral, however Customers may seek to take up these opportunities, and therefore the impact of the FCA COVID-19 Guidance on the performance of the Receivables in the Portfolio, is not known as at the date of this Offering Circular. The Seller may, but is not obliged to, repurchase any COVID-19 Affected Receivable. However, if the timing of the payments, as well as the quantum of such payments, in respect of the Receivables is adversely affected, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes.

There can also be no assurance that the FCA, or other UK government or regulatory body, may not take further steps in response to the COVID-19 outbreak in the UK (including further amending and extending the scope of the FCA COVID-19 Guidance), which may impact the performance of the Purchased Receivables and/or result in a reduction of funds available to the Issuer to meet its obligations under the Notes.

### **3. RISKS RELATING TO THE STRUCTURE**

#### ***The Revolving Period will end if a Revolving Period Termination Event occurs***

During the Revolving Period, only the Class Z Noteholders will be paid principal until the Principal Amount Outstanding in respect of the Class Z Note is reduced to the Class Z Note Minimum Principal Amount. Also, on each Interest Payment Date during the Revolving Period, amounts may be used to purchase Further Receivables in accordance with the Pre-Acceleration Principal Priority of Payments. If such amounts are not applied to purchase Further Receivables on that day, then they will be credited to the Transaction Account and recorded on the Reinvestment Ledger to be applied to purchase Further Receivables on subsequent Business Days. However, following the occurrence of a Revolving Period Termination Event, the Revolving Period will terminate and no Further Receivables may be sold after the date of the event. Available Principal Receipts will then be distributed in accordance with the terms of the Pre-Acceleration Principal Priority of Payments and used to redeem the Notes in the order of priority set out therein. If the Revolving Period terminates early then Noteholders will receive redemptions earlier than expected.

#### ***Subordination***

As indicated above, in respect of the obligations of the Issuer to pay interest and repay principal on the Notes, the Conditions and the Deed of Charge will provide both upon and prior to enforcement that (i) the Class Z Notes are subordinated to the Class A Notes and (ii) the Notes of each Class are subordinated to the rights of the Secured Creditors ranking higher than that Class in the applicable Priority of Payments and are subordinated generally to the claims of all Related Third Party Creditors of the Issuer. The Deed of Charge also provides that, upon enforcement, certain payments (including all amounts payable to any receiver appointed under the Deed of Charge, the Note Trustee and the Security Trustee), will be made in priority to payments in respect of interest and principal on the Class A Notes, and all such payments will rank ahead of, among other things, all amounts then owing to the Class Z Notes. See the section entitled "*Cash Management – Priority of Payment – Post-Acceleration Priority of Payments*".

### **4. RISKS RELATED TO CHANGES TO THE STRUCTURE AND DOCUMENTS**

#### ***Rights available to Holders of Notes of different Classes***

In performing its duties as Note Trustee for the Noteholders, the Note Trustee will have regard to the interests of all Noteholders. Where, however, there is a conflict between the interests of the holders of one Class of Notes and the holders of any other Class of Notes, the Note Trustee will (other than as set out in the Trust Deed, in particular with regards to modifications, consents and waivers) be required to have regard only to the holders of the Most Senior Class of Notes outstanding 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 in accordance with the relevant Priority of Payments.

#### ***Meetings of Noteholders, Modification and Waiver***



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

The Conditions also provide that the Note Trustee may itself, or may direct the Security Trustee to, agree, without the consent of the Noteholders or the other Secured Creditors to (i) any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions of the Notes or any of the Transaction Documents which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders or (ii) any modification (including in relation to a Basic Terms Modification) which, in the Note Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error. See Condition 11.5 (*Meetings of Noteholders, Modification and Waiver*). In respect of an occurrence of an Event of Default specified in paragraph (a) or (d) of Condition 9.1 (*Events of Default*), prior to serving a Note Acceleration Notice on the Issuer, with a copy to the Security Trustee, the Note Trustee must certify in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Most Senior Class of Notes then outstanding. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders, determine that an Event of Default or Potential Event of Default shall not, or shall not subject to specified conditions, be treated as such. See Condition 11.9 (*Meetings of Noteholders, Modification and Waiver*).

The Note Trustee shall be obliged and shall direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Creditors but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified, to concur with the Issuer in making any modification to the Conditions and/or any other Transaction Document in order to, among other matters, enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under Regulation (EU) 648/2012 of the European Parliament and of the European 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 (the **European Market Infrastructure Regulation** or **EMIR**)), provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Security Trustee, the Note Trustee and the Swap Counterparty or Issuer, as applicable, 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.

Further, the Note Trustee may also be obliged to direct the Security Trustee, in certain circumstances, to agree to amendments to the Conditions and/or the Transaction Documents for the purpose of (i) 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, (ii) effecting the transition of the roles of Servicer, Seller and Originator from Sainsbury's Bank plc to any Affiliate of Sainsbury's Bank plc, (iii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iv) enabling the Notes to be (or to remain) listed on Euronext Dublin, (v) 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), (vi) complying with any changes in the requirements of the CRA Regulation after the Closing Date and (vii) changing the reference rate or the base rate that then applies in respect of the Notes (each a **Proposed Amendment**), in each case without the consent of Noteholders but subject to the receipt of written consent of any of the Secured Creditors which are then party to the Transaction Documents being modified.

In relation to any such Proposed Amendment, the Issuer is required, among other things, to certify in writing to the Note Trustee that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification (other than in relation to items (ii) and (iii) above) in accordance with Condition 14 (*Notice to Noteholders*) and by publication on the Relevant

Screen. However, Noteholders should be aware that, in relation to each Proposed Amendment, if 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 in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

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 in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 11 (*Meetings of Noteholders, Modification and Waiver*).

The full requirements in relation to the modifications discussed above are set out in the Trust Deed and Condition 11.6 (*Meetings of Noteholders, Modification and Waiver*).

There can be no assurance that the effect of such modifications to the Transaction Documents will not ultimately adversely affect the interests of the holders of one or all Classes of Notes.

#### ***Absence of secondary market: limited liquidity***

Application has been made to Euronext Dublin for the Class A Notes to be admitted to its Official List and traded on the Global Exchange Market. The Global Exchange Market is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of the Prospectus Regulation.

Even if such application is approved, there can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Lack of liquidity could result in a significant reduction in the market value of the Notes.

## **5. COUNTERPARTY RISKS**

### ***Servicing of the Portfolio***

The Portfolio will be serviced by the Servicer, either directly or through a delegate or sub-delegate. Consequently, the net cash flows from the Portfolio may be affected by decisions made, actions taken and the collection procedures adopted by, the Servicer. To address this risk, the terms of the Servicing Agreement provide that the Servicer will devote to the performance of its obligations that standard of care that the Servicer would exercise in its own affairs taking into account the degree of skill that it exercises for all comparable assets. However, the Servicer will also continue to perform debt collection services for its own account and therefore will not be exclusively dedicated to the performance of the Servicer's activities under the Servicing Agreement. In addition the Servicer has undertaken in the Servicing Agreement that if it makes any material amendments to the Credit and Collection Procedures, the Servicer shall as soon as practicable after such change notify the Issuer, the Security Trustee, the Note Trustee and, upon request by the Issuer or the Security Trustee, the Rating Agencies.

Upon the occurrence of any Servicer Termination Event, the Security Trustee will have the right to remove Sainsbury's Bank plc as Servicer (in this regard see the section entitled "*Overview of the Transaction Documents – Servicing Agreement*").

The appointment of Sainsbury's Bank plc as Servicer under the Servicing Agreement may be terminated as a result of, among other circumstances, a default by it in performing its obligations under the Servicing Agreement, its insolvency or if 12 months' notice of termination is given by Sainsbury's Bank plc and, among other things, the Issuer and the Security Trustee consent in writing to such termination.

### ***Replacement of the Servicer and obligation to appoint a substitute servicer***

The ability of the Issuer to meet its obligations under the Notes will depend on the performance of the duties of the Servicer and any substitute servicer (if appointed). No assurance can be given that the creditworthiness of these parties will not deteriorate in the future, which may affect the administration and enforcement of the Purchased Receivables by such parties in accordance with the Servicing Agreement.

Also, if the Servicer is removed, there is no guarantee that a substitute servicer would be found and any such delay or inability to appoint a substitute servicer could delay the collection of payments on the Purchased Receivables and ultimately could adversely affect payments on the Notes. Such risk is mitigated by the provisions of the Servicing Agreement pursuant to which the Back-Up Service Facilitator, in certain circumstances, is required to assist the Issuer in appointing a substitute servicer.

However, there can be no assurance that a substitute servicer with sufficient experience of servicing the Purchased Receivables would be found who would be willing and able to service the Purchased Receivables on the terms, or substantially similar terms, set out in the Servicing Agreement. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment.

No assurance can be given that a substitute servicer will not charge fees in excess of the fees to be paid to the Servicer or that a substitute servicer will not otherwise reduce the amounts available to pay principal and interest on the Notes.

### ***Interest Rate Risk***

Amounts of interest payable under or in respect of some of the Underlying Agreements comprising the Portfolio will be calculated by reference to a fixed rate of interest, while the Class A Notes and the Class Z Notes will bear interest by reference to SONIA. As a result, in the event that SONIA were to exceed a certain level (for further details on SONIA, please see the section entitled "*The market continues to develop in relation to SONIA as a reference rate in the capital markets*" below), the Issuer could have insufficient funds available to make payment of interest on the Notes in full in accordance with the Pre-Acceleration Revenue Priority of Payments. In order to reduce this interest rate risk, the Issuer will enter into the Swap Agreement.

In respect of each Swap Calculation Period, the notional amounts of the hedging transactions entered into pursuant to the Swap Agreement will be calculated by reference to the aggregate principal amount outstanding of the Purchased Receivables on the final calendar day of the month immediately preceding such Calculation Period, excluding any Purchased Receivables that are or have been classified as Defaulted Receivables.

If an Event of Default or a Termination Event (in each case, as defined in the Swap Agreement) occurs under the terms of the Swap Agreement, then a termination payment may become due and payable by the Issuer under the Swap Agreement.

For further details on each Swap Counterparty and each Swap Agreement, please see the section entitled "*The Swap Counterparty*" and the section entitled "*Overview of the Transaction Documents*" below.

### ***Certain material interests***

Certain parties to the transaction may perform multiple roles, including BNP Paribas, who will act as Arranger and Lead Manager; Sainsbury's Bank plc, who will act as Originator, Seller and Servicer and Citibank N.A., London Branch who will act as Cash Manager, Account Bank, Custodian, Principal Paying Agent and Agent Bank.

The terms of the Transaction Documents do not prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

- (a) having previously engaged or in the future engaging in transactions with other parties to the transaction;
- (b) having multiple roles in this transaction; and/or
- (c) carrying out other transactions for third parties.

### ***Ratings of the Class A Notes***

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the Rating Agencies. The ratings are assigned only to the Class A Notes and should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In the event that the ratings initially assigned to the Class A Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement to the Class A Notes. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Class A Notes.

The ratings assigned to the Class A Notes by each Rating Agency are based, among other things, on the terms of the Transaction Documents, the credit quality of the Portfolio, the extent to which the Customers' payments under the Purchased Receivables are adequate to make the payments required under the Class A Notes as well as other relevant features of the structure, including, (but not limited to) the short-term and/or long-term issuer default ratings and unsecured, unguaranteed and unsubordinated debt ratings of the Swap Counterparty and the Account Bank, a credit assessment of the Receivables in the Portfolio. The ratings reflect only the views of the Rating Agencies. The ratings address the likelihood of full and timely receipt by the Noteholders of interest due on each Interest Payment Date in respect of the Class A Notes and the likelihood of receipt by the Noteholders of principal of the Class A Notes by the Final Maturity Date.

Further events, including events affecting the Account Bank, the Collections Account Bank, the Seller, the Swap Counterparty and the Servicer could also have an adverse effect on the rating of the Class A Notes. In certain circumstances, a Rating Agency may lower, withdraw or qualify its rating of the Class A Notes. It should be noted that at any time any Rating Agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Class A Notes may be affected. In order for the Transaction Documents to comply with new rating methodologies, amendments may need to be made to the Transaction Documents and the consent of the Noteholders may, in certain circumstances, be required to implement such amendments. Noteholders should note that, if the amendments required to comply with such new rating methodologies are not implemented,

this may ultimately have an adverse impact on the ratings assigned by the relevant Rating Agency to the Class A Notes.

Agencies other than the Rating Agencies could seek to rate any of the Class A Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the relevant Notes. For the avoidance of doubt and unless the context otherwise requires, any references to **ratings** or **rating** in this Offering Circular are to ratings assigned by the specified Rating Agency only.

***The Notes are exposed to the credit risk of the Swap Counterparty***

If the Swap Counterparty fails to provide the Issuer with any amount due from it under the Swap Agreement on any Interest Payment Date or if the Swap Agreement is otherwise terminated, the Issuer may have insufficient funds to make payments due on the Class A Notes.

All payments to be made by the Issuer under the Swap Agreement, other than Subordinated Swap Amounts, will be made in priority to the Class A Noteholders and Class Z Noteholders.

***Termination of a Swap Agreement***

Generally, the Swap Agreement may only be terminated upon the occurrence of certain events of default or termination events set forth in the Swap Agreement. In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general unsecured creditor of the Swap Counterparty and as a result the Issuer is consequently subject to the credit risk of the Swap Counterparty. See also the section entitled "*Transaction Overview – Triggers Tables – Rating Triggers Table*". To mitigate this risk, if the relevant ratings of such Swap Counterparty are below certain levels (which are set out in the relevant Swap Agreement and described in further detail in the section entitled "*Transaction Overview – Swap Agreement*") while the Swap Agreement is outstanding, the relevant Swap Counterparty will, in accordance with the terms of the Swap Agreement, be required to take certain remedial measures within the applicable time frame stipulated in the Swap Agreement (at its own cost) which may include providing collateral in support of its obligations under the Swap Agreement, arranging for its obligations under such Swap Agreement to be transferred to an entity with the relevant Required Ratings, procuring another entity with the Required Ratings to become co-obligor or guarantor in respect of its obligations under the Swap Agreement, or taking such other action as required to maintain or restore the rating of the Class A Notes.

However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the Swap Counterparty for posting or that another entity with the Required Ratings will be available to become a replacement swap counterparty, co-obligor or guarantor or that the Swap Counterparty will be able to take the requisite other action. If the remedial measures following a downgrade of the Swap Counterparty below the Required Ratings are not taken within the applicable time frames, this will permit the Issuer to terminate the Swap Agreement early. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

Were an early termination of the Swap Agreement to occur for any reason, no assurance can be given that the Issuer will be able to enter into any replacement swap agreement or a replacement swap agreement with similar terms. In that situation, there is also no assurance that the amount of credit enhancement will be sufficient to cover any additional amounts payable as a result of fluctuations in the interest rate. In addition, a failure to enter into a replacement swap agreement may result in the reduction, qualification or withdrawal of the then current ratings of the Notes by the Rating Agencies. See the section entitled "*Transaction Overview – Triggers Tables – Rating Triggers Table*" and the section entitled "*Overview of the Transaction Documents*".

### ***Rights in relation to the Receivables***

The Issuer will rely on the Servicer to enforce any rights in respect of the Purchased Receivables and the Related Underlying Agreements and to carry out the obligations described the section entitled "*The Seller, Originator, Liquidity Reserve Provider and Servicer – Servicing*".

Sainsbury's Bank plc as Servicer will undertake for the benefit of the Issuer that it will not take any steps in relation to the Underlying Agreements, otherwise than in order to perform its duties under the Servicing Agreement and that it will lend its name to, and take such other steps as may be required by the Issuer in relation to, any action (whether through the courts or otherwise) in respect of the Underlying Agreements.

## **6. MACRO-ECONOMIC AND MARKET RISKS**

### ***Absence of a secondary market and market value of the Notes***

There is currently no secondary market for the Notes and there can be no assurance that an active or liquid secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of such Notes with liquidity of investment or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes for an indefinite period of time or until final redemption or earlier application in full of the proceeds of enforcement of the Charged Property by the Security Trustee and, in certain cases, as a result of any early redemption of the Notes, as to which see further below.

The market price of the Notes could be subject to fluctuation in response to, among other things, variations in the value of the Purchased Receivables, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions. 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 Purchased Receivables.

In addition, potential investors in Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Specifically, the secondary markets have experienced disruptions resulting from reduced investor demand for asset-backed securities and increased investor yield requirements for those securities. As a result, the secondary market for asset-backed securities has experienced extremely limited liquidity which has had a severe adverse effect on the market value of asset-backed securities such as the Notes. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Furthermore, the market values of the Notes are likely to fluctuate with changes in prevailing rates of interest, market perceptions of risks associated with the Notes, supply and other market conditions. Any such fluctuation may be significant and could result in significant losses to investors in the Notes or in the sale of Notes by Noteholders in any secondary market transaction at a discount to the original price of such Notes. In addition, the forced sale into the market of asset-backed securities held by investors that are currently experiencing funding difficulties due to uncertainty about the financial stability of several countries in the European Union, the increasing risk that those countries may default on their sovereign debt, and related stresses on financial markets, could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

The Issuer cannot predict when these circumstances will change nor, if and when they do, whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

***The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market***

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular with respect to current economic, monetary and political conditions in the Eurozone. If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any member state(s) from the European Union), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK consumer lending market, the Issuer, one or more of the other parties to the Transaction Documents (including the Seller, the Servicer, the Account Bank and/or the Swap Counterparty) and/or any Customer in respect of the Underlying Agreements.

In particular, prospective investors should note that the UK left the European Union on 31 January 2020 under the procedure envisaged in article 50 of the Treaty on European Union and subject to, the terms of the withdrawal agreement between the UK and the EU dated 24 January 2020 (the **article 50 withdrawal agreement**). The article 50 withdrawal agreement was accompanied by a joint political declaration setting out a framework for the future relationship between the UK and the European Union.

Under the terms of the ratified article 50 withdrawal agreement, a transition period commenced which will last until 31 December 2020. During this period, most European Union rules and regulations will continue to apply to and in the UK and negotiations in relation to a free trade agreement will be ongoing. Under the article 50 withdrawal agreement, the transition period could, before 1 July 2020, be extended once by up to two years but on 12 June 2020, the UK formally confirmed that it would not be seeking an extension and this was formally accepted by the EU. While this does not entirely remove the prospect that the transition period will be extended (for example, it could be achieved under a new treaty which deals with an extension), the likelihood of a further extension is significantly reduced and the risk is increased that by 31 December 2020 no trade agreement on the future relationship between the UK and the European Union is reached at all or a significantly narrower agreement is reached than that envisaged by the political declaration by the European Commission and the UK Government.

The European Union and the UK Government have continued preparations for a "hard" Brexit (or "no-trade deal" Brexit) to minimise the risks for firms and businesses associated with an exit without agreement as to the EU-UK future trade relationship at the end of the transition period. This has included the UK Government publishing further draft secondary legislation under powers provided in European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) to ensure that there is a functioning statute book at the end of the transition period.

Due to the ongoing political uncertainty as regards the structure of the future relationship between the UK and the European Union, it is not possible to determine the precise impact on general economic conditions in the UK. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any borrower in respect of the underlying loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under European Union regulation or more generally.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value or liquidity of the Notes.

***Changes or uncertainty in respect of LIBOR, SONIA and/or other interest rate benchmarks may affect the value or payment of interest under the Floating Rate Notes***

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (**LIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. The reforms include the measures which have come into force under the EU Benchmarks Regulation (Regulation (EU) 2016/1011) (the **Benchmarks Regulation**). These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted.

Under the Benchmarks Regulation, which applied from 1 January 2018 (subject to certain transitional provisions which, in general, expired in 1 January 2020), certain requirements apply with respect to control over the provision of a wide range of benchmarks (referred to as “administration” of benchmarks), the contribution of input data to a benchmark and the use of a benchmark within the European Union (which, for these purposes, includes the United Kingdom). In particular, the Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed). The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Investors should be aware that the sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (**FCA**) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcements**). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.



Based on the foregoing, prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including causing it to be lower and/or more volatile than it would otherwise be;
- (b) the reference rate or base rate may be amended without consent/sanction of Noteholders and no guarantee that changes to Conditions would not be prejudicial;
- (c) while an amendment as described in paragraph (d) below may be made under Condition 11 (*Meetings of Noteholders, Modification and Waiver*) of the Conditions of the Notes to change the base rate on the Floating Rate Notes from SONIA to an alternative base rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions being satisfied, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Notes or (ii) will be made prior to any date on which any of the risks described in this risk factor made become relevant; and
- (d) if SONIA is discontinued or is otherwise unavailable, then the rate of interest on the Notes may be determined for a period by any applicable fall-back provisions provided for under Condition 4 (*Interest*), there can be no assurance that the applicable fall-back provisions under the Swap Agreement would operate to allow the transactions under the Swap Agreement to effectively mitigate interest rate risk in respect of the Floating Rate Notes, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for the SONIA rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available.

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

Moreover, any of the above matters or any other significant change to the setting or existence of SONIA or any other relevant interest rate benchmark could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Changes in the manner of administration of SONIA could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Floating Rate Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

***The market continues to develop in relation to SONIA as a reference rate in the capital markets***

Investors should be aware that the market continues to develop in relation to the adoption of SONIA as a reference rate in the capital markets and as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to the Floating Rate Notes issued under this Offering Circular. Interest on the Floating Rate

Notes is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Floating Rate Notes to reliably estimate the amount of interest which will be payable on such Notes.

## **7. LEGAL AND REGULATORY RISKS**

### ***No giving of notice of assignment may result in the Issuer receiving less money than anticipated from the Purchased Receivables***

The assignment by the Seller of the Receivables will take effect in equity only because no notice of the assignment will be given to Customers unless a Perfection Event shall have occurred. The Issuer will assign to the Security Trustee by way of security, among other things, the Issuer's interest in the Purchased Receivables.

The giving of notice to the Customer of the Seller's assignment would have the following consequences:

- (a) Notice to the Customer would "perfect" the assignment so that the Issuer would take priority over any interest of a later encumbrancer or assignee of the Seller's rights who has no notice of the assignment to the Issuer.
- (b) Notice to a Customer would mean that following receipt of such notice the Customer should no longer make payment to the Seller as creditor under the Underlying Agreement but should make payment instead to the Issuer. If the Customer were to ignore a notice of assignment and pay the Seller for its own account, the Customer will still be liable to the Issuer for the amount of such payment. However, for so long as Sainsbury's Bank plc remains the Servicer under the Servicing Agreement it is also the agent of the Issuer for the purposes of the collection of the Purchased Receivables and will, accordingly, be accountable to the Issuer for any amount paid to it in respect of the Purchased Receivables.
- (c) Until notice is given to the Customer, equitable set-offs (such for misrepresentation and breach of contract) may accrue in favour of the Customer in respect of his obligation to make payments under the relevant Underlying Agreement. These may, therefore, result in the Issuer receiving fewer monies than anticipated from the Purchased Receivables. The assignment of any Purchased Receivables to the Issuer will be subject both to any prior equities which have arisen in favour of the Customer and to any equities which may arise in the Customer's favour after the assignment until such time (if ever) as the Customer receives actual notice of the assignment.
- (d) Notice to the Customer would prevent the Seller and the Customer from amending the Related Underlying Agreement without the involvement of the Issuer. However, the Seller will undertake for the benefit of the Issuer that it will not waive any breach under, or amend the terms of, any of the Underlying Agreements, other than in accordance with its usual credit policies (as described below).
- (e) Lack of notice to the Customer means that the Issuer will have to join the Seller as a party to any legal action which the Issuer may want to take against any Customer. The Seller will, however, undertake for the benefit of the Issuer that it will lend its name to, and take such other steps as may be required by the Issuer or the Note Trustee in relation to, any action in respect of the Purchased Receivables.

Perfection Events have been used to mitigate the risk deriving from the equitable assignment but there can be no certainty as to the timing and effectiveness of such Perfection Events.

***Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes***

In Europe, the U.S. and elsewhere, there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in multiple measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position of certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

***Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes***

The Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019, although some legislative measures necessary for the full implementation of the new regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions.

The Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including the recasting of pre-1 January 2019 risk retention and investor due diligence regimes).

The Securitisation Regulation has direct effect in member states of the EU and is to be implemented in due course in other countries in the EEA (which, for these purposes, includes the UK).

The Securitisation Regulation requirements apply to the Notes. As such, certain European-regulated institutional investors, including credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities (**UCITs**) and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements and, on transactions notified as simple, transparent and standardised (**STS**) (securitisations, compliance of that transaction with the STS Requirements. If the relevant European-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors. Aspects of the requirements of the Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of requirements applicable to them and are required to independently assess and determine the sufficiency of the information described in this Offering Circular generally for the purposes of complying with such due diligence requirements under the Securitisation Regulation and any corresponding national measures which may be relevant.

Various parties to the securitisation transaction described in this Offering Circular (including the Originator and the Issuer) are also subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements and what is or will be required to demonstrate compliance to national regulators, including in particular with regard to the transparency obligations imposed under Article 7 of the Securitisation Regulation, the application of the transitional provisions in connection with such Article and the final position on the new disclosure templates to be applied under the new technical standards. Prospective investors are

referred to the sections entitled "*Certain Regulatory Considerations – Reporting under the Securitisation Regulation*" for further details and should note that there can be no assurance that the information in this Offering Circular or to be made available to investors in accordance with Article 7 of the Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the Securitisation Regulation.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

### ***STS designation impacts on regulatory treatment of the Notes***

The Securitisation Regulation (and the associated Regulation (EU) 2017/2401 (**CRR Amendment Regulation**))) also includes provisions intended to implement the revised securitisation framework developed by the Basel Committee on Banking Supervision (**BCBS**) (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as STS securitisations.

The STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various EU regimes that were amended (or will be amended in due course) to take into account the STS framework (such as Type 1 securitisation under Solvency II, as amended; regulatory capital treatment under the securitisation framework of the Capital Requirements Regulation, as amended by the CRR Amendment Regulation; Type 2B securitisation under the LCR Regulation, as amended and the forthcoming changes (which are yet to be finalised) to the EMIR regime that will address certain exemptions for STS securitisation swaps, as to which investors are referred to the risk factor entitled "*Impact of EMIR on each Swap Agreement*".

The Originator will procure that a notification (**STS Notification**) confirming the compliance of the relevant transaction with the STS Criteria (being the requirements set out in Articles 20, 21 and 22 of the Securitisation Regulation) be submitted to ESMA and the UK FCA. The STS Notification, once notified to ESMA, will be available for download on the ESMA STS Register website.

The Originator and the Issuer have used the services of the STS Verification Agent to carry out the STS Verification (and to provide the STS Additional Assessments). It is expected that the STS Verification and the STS Additional Assessments prepared by the STS Verification Agent will be available on its website at <https://pcsmarket.org/sts-verification-transactions/>. For the avoidance of doubt, the website of the STS Verification Agent and the contents of that website do not form part of this Offering Circular.

It is important to note that the involvement of an STS Verification Agent is not mandatory and the responsibility for compliance with the Securitisation Regulation remains with the relevant institutional investors, originators, sponsors and issuers, as applicable in each case. An STS Verification (and/or STS Additional Assessments) will not absolve such entities from making their own assessments with respect to the Securitisation Regulation and other relevant regulatory provisions, and an STS Verification (and/or STS Additional Assessments) cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities.

The STS Verification and/or STS Additional Assessment is not an opinion on the creditworthiness of the relevant Notes nor on the level of risk associated with an investment in the relevant Notes. It is not an indication of the suitability of the relevant Notes for any investor and/or a recommendation to buy, sell or hold notes. Institutional investors that are subject to the due diligence requirements of the Securitisation Regulation need to make their own independent assessment and may not solely rely on an STS Verification, the STS Notification, any STS Additional Assessments or other disclosed information.

No assurances can be provided that the securitisation transaction described in this Offering Circular does or continues to qualify as an STS securitisation under the Securitisation Regulation. None of the Issuer, the Seller (in its capacity as the Seller, the Originator and the Servicer), the Lead Manager, the Swap Counterparty, the Account Bank, the Custodian, the Cash Manager, the Agents, the Note Trustee or the Security Trustee gives any explicit or implied representation or warranty that the transaction described in this Offering Circular does or continues to comply with the Securitisation Regulation, or that such transaction does or will continue to be recognised or designated as "STS" or "simple, transparent and standardised" within the meaning of Article 18 of the Securitisation Regulation after the date of this Offering Circular. The relevant European-regulated institutional investors are required to make their own assessment with regard to compliance of the securitisation with the STS Requirements and such investors should be aware that non-compliance with the STS Requirements and the change in the STS status of the Notes may result in the loss of better regulatory treatment of the Notes under the applicable regime(s), including in the case of prudential regulation, higher capital charges being applied to the Notes and may have a negative effect on the price and liquidity of the Notes in the secondary market. In addition, non-compliance may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, including Sainsbury's Bank plc, which may have an impact on the availability of funds to pay the Notes.

Finally, it should also be noted that additional considerations arise for relevant European (non-UK) regulated investors with regard to the STS designation of the transaction in the light of the ongoing uncertainty with regard to the UK withdrawal from the EU, as to which please refer to the risk factor entitled *"The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market"*.

#### ***Insolvency proceedings and subordination provisions***

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of the Subordinated Swap Amounts.

The UK Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law-governed Transaction Documents (such as a provision of the Priority of Payments which refers to the ranking of the Swap Counterparty's payment rights in respect of the Subordinated Swap Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Counterparty, notwithstanding that it is a non-U.S. established entity (and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity).

In general, if a subordination provision included in the Transaction Documents were successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order were recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of the Subordinated Swap Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

***Prudential regulation reforms under Basel or other frameworks may have an adverse impact on the regulatory capital treatment of the Notes***

Investors should note in particular that the BCBS has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

In light of the COVID-19 pandemic, the EU (which, for present purposes, includes the UK) has adopted a regulation with effect from 27 June 2020 to amend its implementation of the Basel reforms to bring forward some measures, delay others, and to introduce certain reliefs, with the overall intention of reducing the burden of the reformed regulations on firms subject to them for the period of stress caused by the pandemic. This may have an impact on Sainsbury's Bank plc or on the regulatory treatment of the Notes.

***Fixed charges may take effect under English law as floating charges***

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges over, among other things, its interests in the Purchased Receivables and their Ancillary Rights, its rights and benefits in the Issuer Bank Accounts and all Authorised Investments purchased from time to time.

English law relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee has not been provided with sufficient control over the Charged Property. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administrator or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are

to be paid in priority to debts due to the holder of a floating charge) but a new Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

***Set-off risk may adversely affect the value of the Portfolio or any part thereof***

As described above, the sale by the Seller to the Issuer of the Purchased Receivables has been or will be given effect by an equitable assignment. As a result, legal title to the Underlying Agreements sold by the Seller to the Issuer will remain with the Seller. Therefore, the rights of the Issuer may be subject to the direct rights of Customers against the Seller, including rights of set-off which may occur prior to notification to the Customer of the assignment of the Related Underlying Agreement.

A Customer may also attempt to set off an amount greater than the amount of his or her claim against his or her Monthly Payments. In that case, the Servicer will be entitled to take enforcement proceedings against the Customer, although the period of non-payment by the Customer is likely to continue until a judgment is obtained. The exercise of set-off rights by Customers may adversely affect the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

A Customer also has a right to set off amounts under the relevant Underlying Agreement as a result of a defect in the underlying goods or services. Such right of set off may reduce the amounts owed to the Issuer under the Underlying Agreement.

***U.S. Risk Retention Requirements***

Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to all securitisations other than residential mortgage-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction will not involve risk retention by the Seller for the purposes of compliance with U.S. Risk Retention Rules, but rather, to the extent required, will rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that: (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section \_\_.20 of the U.S. Risk Retention Rules) are issued) of all classes of "ABS interests" issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, **Risk Retention U.S. Persons**); (3) neither the sponsor nor the Issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" under Regulation S, and

that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of "U.S. person" in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, **Risk Retention U.S. Person** as used in this Offering Circular, means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

Each purchaser of a Note from the Issuer or the Seller during the initial syndication of the Notes, including beneficial interests therein, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Seller and the Lead Manager that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

The Seller and the Issuer have agreed that the determination of the proper characterization of potential investors for such restriction or for determining the availability of the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules is solely the responsibility of the Seller, and the Arranger and Lead Manager shall have no responsibility for determining the proper characterization of potential investors for such restriction or for determining the availability of the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules. There can be no assurance that the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. The consequences of non-compliance with the U.S. Risk Retention Rules are unclear, but investors should note that the liquidity and/or value of the Notes could be adversely affected by such non-compliance.



Neither the Arranger, the Lead Manager nor any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Offering Circular comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date, the initial syndication or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### ***UK Taxation Position of the Issuer***

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the **Securitisation Tax Regulations**)), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax Regulations), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions of the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cash flows for the transaction described in this Offering Circular. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected.

#### ***Withholding tax in respect of the Notes***

Provided that the Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of Section 1005 of the Income Tax Act 2007), as at the date of this Offering Circular no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Notes. However, there can be no assurance that the law in this area will not change during the life of the Notes.

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 6.2 (*Optional Redemption For Taxation Or Other Reasons*) of the Notes, be permitted to redeem all, but not some only, of the Notes on the next following Interest Payment Date.

The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest on the Notes is discussed further under the section entitled "*Taxation – United Kingdom Taxation*" below.

#### ***Noteholder's interests may be adversely affected by a change of law***

The structure of the Trust Deed, the Deed of Charge, the Receivables Sale Agreement and the other Transaction Documents and the issue of the Notes as well as the ratings which are to be assigned to the Class A Notes (that is, the **Rated Notes**) are based on English law and UK tax, regulatory and administrative practice in effect as at the date of this Offering Circular as they affect the parties to the transaction and the Issuer's assets, and having due 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 English law and UK tax, regulatory or administrative practice after the date of this Offering Circular 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. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the

compliance position of a transaction described in this Offering Circular or of any party under any applicable law or regulation.

### ***English law security and insolvency considerations***

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see the section entitled "*Overview of the Transaction Documents – Deed of Charge*"). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors from taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the **Restructuring Plan**) that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application, the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may, by regulations, modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may, by regulations, provide for the exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws or the laws affecting the creditors' rights generally).

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 sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants and undertakings given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the Secured Creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other 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.

### ***Impact of EMIR on each Swap Agreement***

EMIR, (as amended by Regulation (EU) No 2019/834 (**EMIR Refit 2.1**)) prescribes a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the **Clearing Obligation**); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing (the **Risk Mitigation Requirements**); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Swap Agreement will depend on the classification of the counterparties to such derivative transactions.

Pursuant to EMIR, counterparties can be classified as: (i) financial counterparties (**FCs**) (which, following changes made by EMIR Refit 2.1, includes a sub-category of small FCs (**SFCs**)); and (ii) non-financial counterparties (**NFCs**). The category of "NFC" is further split into: (i) non-financial counterparties above the "clearing threshold" (**NFC+s**); and (ii) non-financial counterparties below the "clearing threshold" (**NFC-s**). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

The Issuer is currently an NFC-, although a change in its position cannot be ruled out. Should the status of the Issuer change to NFC+ or FC, this may result in the application of the Clearing Obligation or the collateral exchange obligation and daily valuation obligation under the Risk Mitigation Requirements, although it seems unlikely that the Swap Agreement would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the relevant implementing measures made to date. It should also be noted that the collateral exchange obligation should not apply in respect of a transaction governed by the Swap Agreement and entered into prior to the relevant application date, unless such transaction is materially amended on or after that date.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the Clearing Obligations and the collateral exchange obligation were they to be applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to a swap agreement (possibly resulting in a restructuring or termination of the swap) or to enter into swap agreements and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors' receiving less interest or principal than expected.

It is also noted that the Securitisation Regulation specifies (i) an exemption from the clearing obligation and (ii) a partial exemption from the collateral exchange obligation for uncleared OTC derivatives, in each case for STS securitisation swaps (subject to the satisfaction of the relevant conditions). The Commission Delegated Regulation (EU) 2020/447 relating to an exemption from the clearing obligation and the Commission Delegated Regulation (EU) 2020/448 relating to the partial exemption from the collateral exchange obligation are in force from 16 April 2020. The applicable conditions require that:

- (a) the Issuer shall solely issue securitisations that meet the requirements of Article 18, and of Articles 19 to 22 or 23 to 26 of the Securitisation Regulation;
- (b) the Swap Agreement is used only to hedge interest rate or currency mismatches under the securitisation;
- (c) the arrangements under the securitisation adequately mitigate counterparty credit risk with respect to the Swap Agreement concluded by the Issuer in connection with the securitisation;
- (d) the Swap Counterparty ranks at least *pari passu* with the holders of the Most Senior Class of Notes, provided that the Swap Counterparty is neither the defaulting nor the affected party, as to which please refer to "*Terms and Conditions of the Notes*";

- (e) the level of credit enhancement of the most senior Note is at least 2% of the outstanding Notes on an ongoing basis, as to which please refer to the section "*Credit Structure, Liquidity and Hedging – Credit Enhancement*"; and (in the case of the partial exemption from the collateral exchange obligation); and
- (f) the netting set does not include OTC derivative contracts unrelated to the transactions described herein, as to which please refer to the section "*Overview of the Transaction Documents – Swap Agreement*".

The conditions described above are met as at the date of this Offering Circular. However, notwithstanding the STS designation and the ability, as a result, to rely on the exemptions from the clearing obligation and the collateral exchange obligation under the EMIR regime, the expectation is that the Issuer should not be required to comply with the EMIR collateral exchange obligation and the clearing obligation for the reasons outlined above in any event. The STS designation and the related exemptions from the collateral exchange obligation and the clearing obligation are only likely to become relevant should the status under EMIR of the Issuer change from NFC- to NFC+ or FC and, if clearing is applicable, should the Swap Agreement be regarded as a type that is subject to the EMIR clearing obligation. In this regard, we note that the European authorities recently adopted a new regulation related to securitisation which is intended to apply from the start of 2019 and which is expected to include, amongst other things, amendments to EMIR, although the final text has not yet been published in the Official Journal of the European Union. The amendments make provision for the development of technical standards further specifying an exemption from each of the obligations referred to above for certain OTC derivative contracts entered into by a securitisation special purpose entity in connection with certain securitisations.

As noted in the section entitled "*STS designation impacts on regulatory treatment of the Notes*", the Originator intends to make the STS Notification. However, until the final new legislation referred to above is in force, no assurance can be given that each Swap Agreement will meet the applicable exemption criteria provided therein. Notwithstanding the STS designation and the ability, as a result, to rely on the exemptions from clearing and collateral exchange obligations under the EMIR regime, the expectation is that the Issuer should not be required to comply with the EMIR collateral exchange obligations and clearing requirements for the reasons outlined above (being their NFC- status) in any event. The STS designation and the related forthcoming exemptions from collateral exchange obligations and clearing requirements are only likely to become relevant should the status under the EMIR of the Issuer change from NFC- to NFC+ or FC and, if applicable, should a Swap Agreement be regarded as a type that is subject to EMIR clearing requirement.

Lastly, it should be noted that, as described under the section entitled "

*Risks Related to Changes to the Structure and Documents – Meetings of Noteholders, Modification and Waiver*", EMIR-related amendments may be made to the transaction documents and/or to the terms and conditions applying to Notes.

#### ***Impact of recent derivative reforms on the Swap Agreements***

As noted above, the Class A Notes will have the benefit of certain derivative instruments, namely the Swap Agreement. In this regard, it should be noted that the derivatives markets are subject to extensive regulation in a number of jurisdictions, including in Europe pursuant to EMIR and in the U.S. under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

It is possible that such regulation will increase the costs of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets. If applicable in the context of the swap agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability

of Funding and/or the Issuer to hedge certain risks may reduce amounts available to Funding and/or the Issuer to meet its obligations and may result in investors' receiving less interest or principal than expected.

With respect to the risks referred to above, see also the section entitled "*Impact of EMIR on each Swap Agreement*".

***Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy the claims of secured creditors of the Issuer***

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) 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 provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended).

As a result of the changes described above, upon the enforcement of the floating charge security granted by the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors would be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

***Effects of the Volcker Rule on the Issuer***

The Issuer was structured so as not to constitute a "covered fund" for purposes of the Volcker Rule. Although other statutory or regulatory exemptions under the Investment Company Act and the Volcker Rule and its related regulations may be available, the Issuer has determined that it may rely on the "loan securitization exclusion" to be excluded from the definition of "covered fund" under the Volcker Rule.

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

In January 2020, five federal financial regulatory agencies published a notice of proposed rulemaking that proposed various amendments to the Volcker Rule, which was finalized on June 25, 2020 and will come into effect on October 1, 2020 (the "**Volcker Amendment**"). The Volcker Amendment includes a modification that would permit up to 5% of the aggregate value of the portfolio of a "loan securitization" to consist of debt securities other than loans. Even though the Volcker Amendment, when in effect, will allow "loan securitizations" to hold debt securities without being considered a "covered fund", the Account Bank Agreement would still not permit the Issuer to purchase debt securities other than cash equivalents, unless and until the Account Bank Agreement were amended in accordance with the terms thereof. There can be no assurance that the Issuer would be able to effect such an amendment, which could adversely affect the value and liquidity of the Notes. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

## **8. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES**

### ***Definitive Notes and denominations in integral multiples***

The Class A Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Class A Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

### ***Book-Entry Interests in respect of the Class A Notes***

Unless and until Definitive Notes are issued in exchange for the book-entry interests in the Global Notes in respect of the Class A Notes through the Clearing Systems, holders and beneficial owners of book-entry interests will not be considered the legal owners or holders of the Class A Notes under the Trust Deed. After payment by the Principal Paying Agent to Euroclear or Clearstream, Luxembourg, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to holders or beneficial owners of book-entry interests.

The Class A Notes will be represented by Global Notes delivered to Clearstream, Luxembourg or Euroclear as Common Safekeeper, and will not be held by the beneficial owners or their nominees. The Class A Notes will be held by the Common Safekeeper under the New Safekeeping Structure (NSS). As a result, unless and until the Class A Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer, the Note Trustee or the Security Trustee as Noteholders, as that term is used in the Trust Deed. 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 Trust Deed.

Payments of principal and interest on, and other amounts due in respect of, each Global Note in respect of the Class A Notes will be made by the Principal Paying Agent to the order of the Common Safekeeper thereof against presentation. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will credit participants' accounts with payment in amounts proportionate to their respective ownership of book-entry interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of book-entry interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of Customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Arranger or the Lead Manager will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the book-entry interests or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Unlike Noteholders, holders of the book-entry interests will not have the right under the 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 in respect of the Class A Notes 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 in respect of the Class A Notes to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of book-entry interests in respect of the Class A Notes will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Class A Notes in definitive form are issued in accordance with the relevant provisions described herein under the section entitled "*Terms and Conditions of the Notes*". 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 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, the Security Trustee, any Paying Agent or any of their agents, the Arranger or the Lead Manager 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 Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

#### ***Eurosystem eligibility***

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (**Eurosystem eligible collateral**), either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class Z Notes will not be held in a manner to allow Eurosystem eligibility.

None of the Issuer, the Arranger and the Lead Manager, the Security Trustee, the Note Trustee, the Seller or any other Transaction Party gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any potential investor in the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem eligible collateral.

#### ***Bank of England eligibility***

Certain investors in the Class A Notes may wish to consider the use of the Class A Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility (**DWF**) or Term Funding Scheme with additional incentives for SMEs (**TFSME**) or Indexed Long Term Open Market Operations (**ILTOMO**). Recognition of the Class A Notes as eligible securities for the purposes of the DWF or TFSME or ILTOMO will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Class A Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Class A Notes will not be eligible DWF or TFSME or ILTOMO collateral. None of the Issuer, the Arranger, the Lead Manager or the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for the DWF or TFSME or ILTOMO eligibility and be recognised as eligible DWF or TFSME or ILTOMO collateral. Any potential investor in the Class A Notes should make its own determinations and seek its own advice with respect to whether or not the Class A Notes constitute eligible DWF or TFSME

or ILTOMO collateral. No assurance can be given that the Class A Notes will be eligible securities for the purposes of the DWF or TFSME or ILTOMO and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

***The Notes may not be a suitable investment for all investors***

The Notes are complex financial instruments and investors should possess, or seek the advice of advisers with, the expertise necessary to evaluate the information contained in this Offering Circular in the context of such investor's individual financial circumstances and tolerance for risk. An investor should not purchase Notes unless it understands the principal repayment, credit, liquidity, market and other risks associated with the Notes.

In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Neither the Issuer nor any other Transaction Party is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Notes and investors may not rely on any such entity. The Transaction Parties do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any of the Transaction Parties.

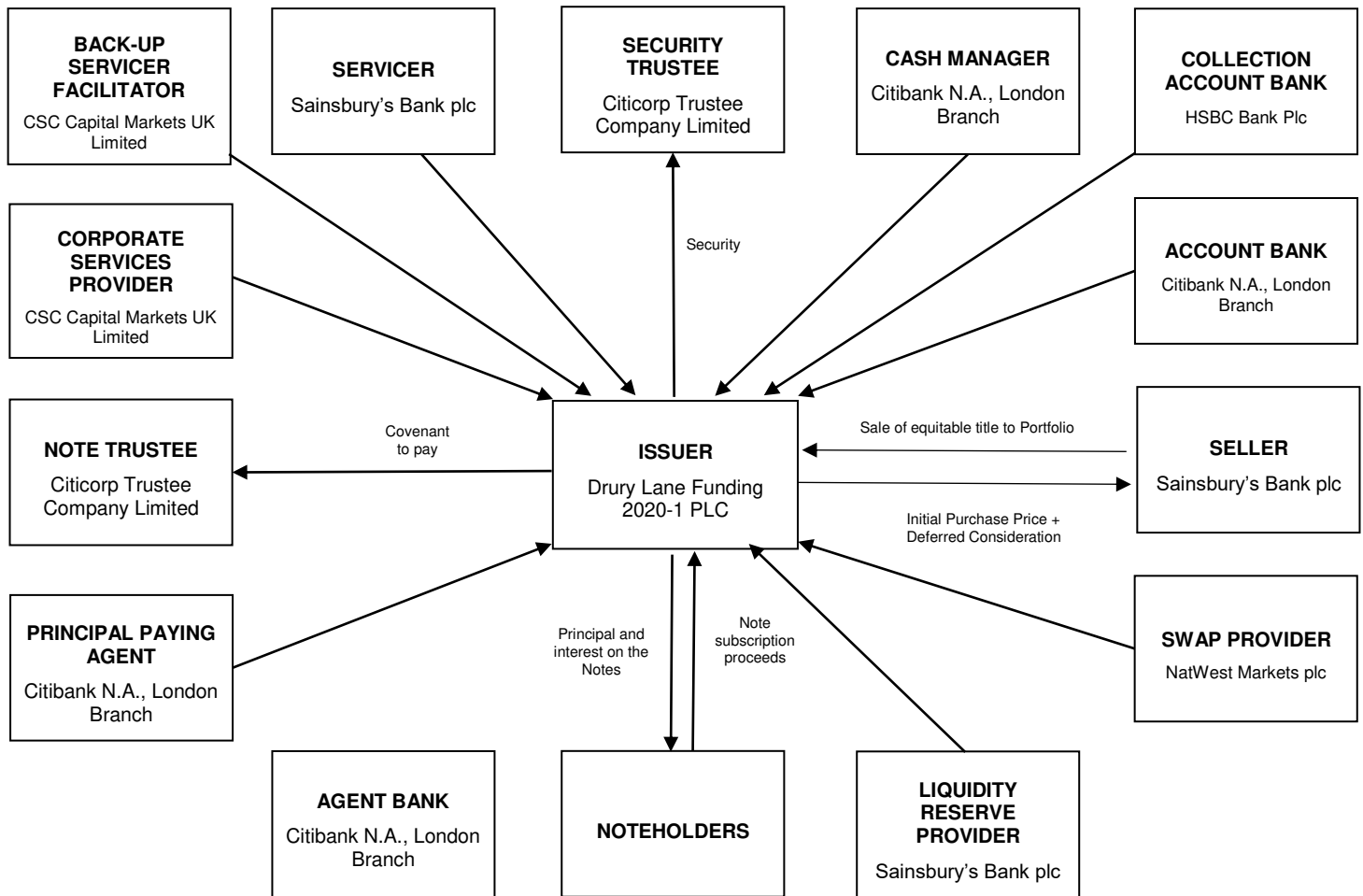


## TRANSACTION OVERVIEW

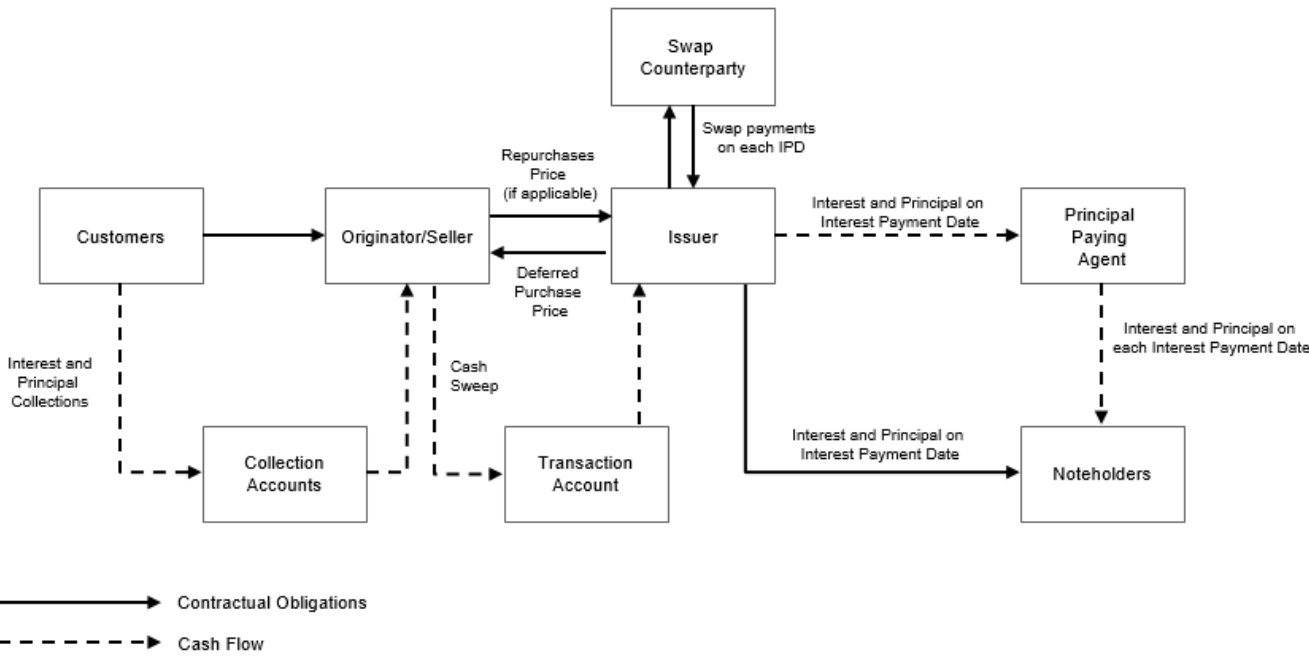
*The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete, and should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Offering Circular.*

1

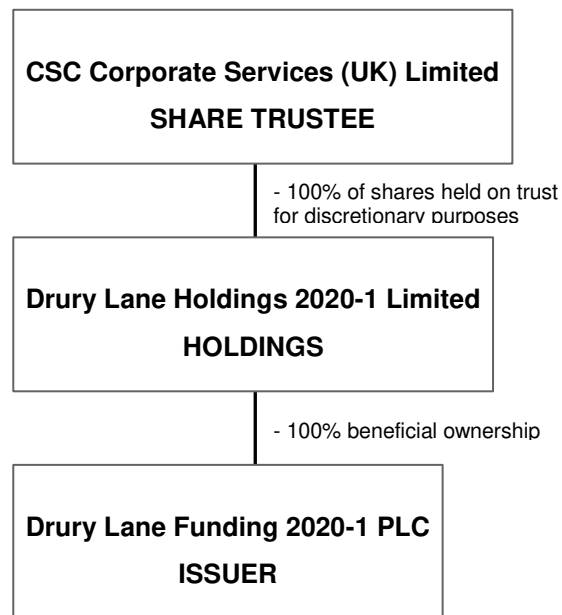
### DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



**DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOW**



## OWNERSHIP STRUCTURE DIAGRAM



The entire issued share capital of the Issuer is owned by Holdings.

The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary trust, the benefit of which is expressed to be for discretionary purposes.

## TRANSACTION PARTIES ON THE CLOSING DATE

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Issuer</b>	Drury Lane Funding 2020-1 Plc	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	N/A
<b>Holdings</b>	Drury Lane Holdings 2020-1 Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	N/A
<b>Seller</b>	Sainsbury's Bank plc	33 Holborn, London, EC1N 2HT, United Kingdom	N/A
<b>Servicer</b>	Sainsbury's Bank plc	33 Holborn, London, EC1N 2HT, United Kingdom	Servicing Agreement by the Issuer. See the section entitled " <i>Overview of the Transaction Documents – Servicing Agreement</i> " for further information.
<b>Liquidity Reserve Provider</b>	Sainsbury's Bank plc	33 Holborn, London, EC1N 2HT, United Kingdom	Reserve Deposit Agreement. See the section entitled " <i>Overview of the Transaction Documents – Reserve Deposit Agreement</i> " for further information.
<b>Cash Manager</b>	Citibank N.A., London Branch	Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Cash Management Agreement by the Issuer. See the section entitled " <i>Overview of the Transaction Documents – Cash Management Agreement</i> " for further information.
<b>Swap Counterparty</b>	NatWest Markets plc	250 Bishopsgate, London EC2M 4AA, United Kingdom	Swap Agreement by the Issuer. See the section entitled " <i>Overview of the Transaction Documents – Swap Agreement</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Account Bank</b>	Citibank N.A., London Branch	Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Account Bank Agreement by the Issuer. See the section entitled " <i>Overview of the Transaction Documents – Account Bank Agreement</i> " for more information.
<b>Collections Account Bank</b>	HSBC Bank Plc	8 Canada Square, Canary Wharf, London E14 5HQ, United Kingdom	Collections Accounts Declaration of Trust. See the section entitled " <i>Overview of the Transaction Documents – Collections Accounts Declaration of Trust</i> " for more information.
<b>Note Trustee</b>	Citicorp Trustee Company Limited	Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Trust Deed. See the Conditions and the section entitled " <i>Overview of the Transaction Documents – Trust Deed</i> " for further information.
<b>Security Trustee</b>	Citicorp Trustee Company Limited	Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Deed of Charge. See the section entitled " <i>Overview of the Transaction Documents – Deed of Charge</i> " for further information.
<b>Principal Paying Agent</b>	Citibank N.A., London Branch	Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Agency Agreement by the Issuer. See the section entitled " <i>Overview of the Transaction Documents – Agency Agreement</i> " for more information.
<b>Agent Bank</b>	Citibank N.A., London Branch	Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Agency Agreement by the Issuer. See the sections entitled " <i>Overview of the Transaction Documents – Agency Agreement</i> " for more information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Back-Up Servicer Facilitator</b>	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Servicing Agreement by the Issuer. See the section entitled " <i>Overview of the Transaction Documents – Servicing Agreement</i> " for further information.
<b>Corporate Services Provider</b>	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Corporate Services Agreement by the Issuer and Holdings. See the section entitled " <i>The Issuer</i> " and " <i>Holdings</i> " for further information.
<b>Share Trustee</b>	CSC Corporate Services (UK) Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Share Trust Deed by Holdings.
<b>Arranger and Lead Manager</b>	BNP Paribas	16 Boulevard des Italiens, 75009 Paris, France	Subscription Agreement.
<b>Listing Agent</b>	Walkers Listing Services Limited	5th Floor, The Exchange, George's Dock, I.F.S.C, Dublin 1, D01 W3P9, Ireland	N/A

## OVERVIEW OF THE PORTFOLIO

Please refer to the section entitled "*Characteristics of the Portfolio*" for further detail in respect of the characteristics of the Portfolio and sale and the servicing arrangements in respect of the Purchased Receivables.

### Sale of Receivables

The Portfolio underlying the Notes shall comprise the Initial Portfolio and the Further Receivables, in each case comprising payment obligations arising under the Underlying Agreements originated by the Originator and advanced to Customers who are individuals resident in England and aged 18 years or older at the date of origination.

Each Underlying Agreement is governed by English law.

The Underlying Agreements are classified under the CCA as "Fixed Sum Loan Agreements" and carry a fixed rate of return, typically amortised in equal monthly instalments over a contractual term which varies between 12 and 84 months. All the loans which are advanced under Underlying Agreements are made in Sterling.

During the Revolving Period, Further Receivables may be purchased by the Issuer pursuant to the Receivables Sale Agreement and added to the Portfolio. Such Further Receivables will be originated in compliance with the Eligibility Criteria (as defined below) and paid for by the Issuer from Available Principal Receipts available on the relevant Interest Payment Date or from amounts previously credited to the Reinvestment Ledger. See the section entitled "*Characteristics of the Portfolio*" for more information.

The assignment by the Seller of the Purchased Receivables will take effect in equity because no notice of the assignment will be given to Customers unless a Perfection Event shall have occurred.

### Key Features of Underlying Agreements

The following is a summary of certain features of the Underlying Agreements in the Portfolio as at the Cut-off Date and investors should refer to, and carefully consider, further details in respect of the Underlying Agreements set out in the section entitled "*Characteristics of the Portfolio*".

Number of Underlying Agreements	79,488
Total Outstanding Balance	£724,988,586
Average current Outstanding Balance	£9,121
Nectar Loans	92.44 per cent.
Weighted average interest rate	4.89 per cent.
Weighted average scheduled remaining term	42.63 months
Weighted average seasoning	14.93 months

Weighted average original loan term 57.06 months

Largest Outstanding Balance £37,302

See the section entitled "*Characteristics of the Portfolio*" for further information.

## Consideration

The Purchase Price payable to the Seller in respect of the sale of each Receivable shall comprise:

- (a) in respect of the Initial Portfolio, the amount payable by the Issuer for the purchase of the Purchased Receivables in the Initial Portfolio, such amount being equal to the aggregate of the Initial Purchase Price and any Deferred Purchase Price; and
- (b) in respect of any Further Receivables, the amount of consideration payable by the Issuer for the purchase of the Purchased Receivables comprising Further Receivables, such amount being equal to the aggregate of the Further Receivables Purchase Price and any Deferred Purchase Price.

The **Initial Purchase Price** means, in respect of the Initial Purchase Date and the Initial Portfolio, an amount equal to the aggregate Outstanding Principal Balance of the Related Underlying Agreements in the Portfolio on the Cut-off Date. The Seller will undertake to hold on trust the Collections received in respect of each Purchased Receivable for and to the order of the Issuer from the Cut-Off Date to the Closing Date and shall transfer such Collections to the Issuer within two Business Days of the Closing Date.

**Further Receivables Purchase Price** means, in respect of a Further Purchase Date and Further Receivables, the initial consideration payable by the Issuer in respect of the relevant Purchased Receivable, being the aggregate Outstanding Principal Balance on the Reference Date immediately preceding such Further Purchase Date.

**Deferred Purchase Price** means the consideration payable to the Seller in respect of the Receivables sold to the Issuer, which is due and payable under the terms of the Receivables Sale Agreement in accordance with the relevant Priority of Payments in an amount equal to (prior to the service of a Note Acceleration Notice) Available Revenue Receipts to be applied on each Interest Payment Date less all amounts due in respect of items (a) to (o) of the Pre-Acceleration Revenue Priority of Payments and (following service of a Note Acceleration Notice) all amounts available to the Issuer to be applied in accordance with the Post-Acceleration Priority of Payments less all amounts due in respect of items (a) to (i) of the Post-Acceleration Priority of Payments.

The Issuer shall also pay the Seller the Deferred Purchase Price subject to and in accordance with the Priority of Payments.



The Cut-Off Date was 30 September 2020.

See the section entitled "*Characteristics of the Portfolio*" for further information.

## **Representations and warranties**

The Seller will make certain representations and warranties regarding the Purchased Receivables and the Related Underlying Agreements to the Issuer on the Closing Date and each Further Purchase Date with reference to the circumstances as at the relevant Reference Date, as more fully set out in the Receivables Sale Agreement.

Examples of the representations and warranties given by the Seller include the following: (i) each Purchased Receivable and each Related Underlying Agreement complies with the eligibility criteria set out in the Receivables Sale Agreement (the **Eligibility Criteria**); (ii) as at the relevant Purchase Date, each Related Underlying Agreement is legal, valid, binding and enforceable (subject to certain laws from time to time in effect relating to bankruptcy, insolvency, reorganisation, liquidation or any other similar laws or other procedures affecting generally the enforcement of creditors' rights) and is in all material respects enforceable in accordance with its terms; (iii) immediately prior to the relevant Purchase Date, the Seller is (subject to any prior Encumbrance which has been subsequently discharged) the sole legal and beneficial owner of each Purchased Receivable; (iv) there has been no unremedied material default under any Related Underlying Agreement; and (v) no adverse selection procedures are employed by the Seller in selecting any such Receivable from those other Receivables which would have been Purchased Receivables had they been sold by the Seller to the Issuer on such date.

See the section entitled "*Overview of the Transaction Documents – Receivables Sale Agreement – Representations and warranties given by the Seller*" for further information.

## **Further Receivables**

During the Revolving Period, the Seller may (in its absolute discretion) sell and assign Further Receivables to the Issuer, and the Issuer shall be obliged to purchase such Further Receivables, in each case for the relevant Further Receivables Purchase Price on a Further Purchase Date.

These Further Receivables will be specified in a Notice of Sale furnished to the Issuer by the Seller and will be paid for by the Issuer (as the Seller shall direct) with amounts allocated for that purpose under the Pre-Acceleration Principal Priority of Payments.

## **Revolving Period**

The Revolving Period commences on (and includes) the Closing Date and ends on (and includes) the earlier of (i) the Interest Payment Date falling in November 2023 (included) (the **Revolving Period End Date**) and (ii) the date on which a Revolving Period Termination Event occurs (the **Revolving Period Termination Date**). Following the termination of the Revolving Period, no Further Receivables may be sold to the Issuer.

**Revolving Period Termination Event**

The occurrence of any of the following events will constitute a Revolving Period Termination Event:

- (a) the service of a Note Acceleration Notice by the Trustee following the occurrence of an Event of Default;
- (b) an Insolvency Event with respect to the Seller;
- (c) a Servicer Termination Event;
- (d) an Event of Default or Termination Event under the Swap Agreement (in each case as defined in the Swap Agreement);
- (e) on any Interest Payment Date, there are insufficient Available Revenue Receipts in order to fund the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount;
- (f) the Cumulative Default Ratio exceeds the Cumulative Default Trigger on any Cumulative Default Test Date;
- (g) the Swap Counterparty is downgraded below the Required Ratings and the Swap Counterparty has failed to provide collateral in accordance with the provisions of the Swap Agreement and/or has not transferred or novated any and all of its rights and obligations with respect to the Swap Agreement to an eligible replacement having at least the Required Ratings or has not procured an eligible guarantor having at least the Required Ratings;
- (h) on any two consecutive Interest Payment Dates, the balance of the Reinvestment Ledger as at the Calculation Date immediately preceding the relevant Interest Payment Date is greater than 10 per cent. of the Outstanding Principal Balance of the Portfolio as at the Closing Date; or
- (i) on the immediately preceding Interest Payment Date, the debit balance of the Class Z Principal Deficiency Sub-Ledger (taking into account amounts which have been credited to the Class Z Principal Deficiency Sub-Ledger on that Interest Payment Date) is greater than 0.00.

**Repurchase of Non-Compliant Receivables:**

To the extent that a representation or warranty given by the Seller in respect of a Purchased Receivable proves to have been incorrect on the date on which such representation and warranty was made (other than by reason of a Related Underlying Agreement being determined illegal, invalid, non-binding or unenforceable under the CCA or FSMA), or where a Non-Permitted Variation has been made in respect of the relevant Receivable (each such affected Receivable being a **Non-Compliant Receivable**) and, if applicable, the relevant material breach cannot be remedied, or, in respect of a breach of such representation and warranty if the relevant Purchased Receivable never existed, the Seller will be required to repurchase such Purchased Receivable for an amount equal to its Outstanding Balance as at the relevant Reference Date relating to such Receivable less any amounts received by the Issuer in respect of the Principal Element of such Receivables plus any accrued Income Element of such Receivable, in each case as at the date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Purchased Receivable to the Seller (the **Receivables Repurchase Price**). The Seller shall only be required to repurchase the Non-Compliant Receivables where the Issuer or the Servicer (acting in the interests of the Issuer) has determined a material breach of any of the Receivables Warranties.

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

In the case of a Purchased Receivable which did not exist as at its Purchase Date, the Seller will not be obliged to repurchase the relevant Purchased Receivable but shall indemnify the Issuer and the Security Trustee against any loss and all liabilities suffered by reason of the representation or warranty being untrue or incorrect by reference to the facts subsisting on the relevant Reference Date. The indemnity amount shall be equal to (a) the Outstanding Balance as at the Purchase Date of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties as at the relevant Closing Date (in respect of the Initial Portfolio) or the relevant Further Purchase Date (in respect of any Further Receivables) and (b) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the weighted average interest rate of the Portfolio as determined by the Servicer at the end of the immediately preceding Calculation Period less any amounts received by the Issuer in respect of such Purchased Receivable (the **Receivables Indemnity Amount**).

**Delegation by the Servicer:**

The Servicer may, at its own cost and expense, delegate some or all of its servicing function to a third party provided that the Servicer remains responsible for the performance of any of its servicing function so delegated. See the section entitled "*Overview of the Transaction Documents – Servicing Agreement*" for further information.

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

Please refer to the 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

	<b>Class A</b>	<b>Class Z</b>
<b>Currency</b>	GBP	GBP
<b>Initial Principal Amount</b>	£500,000,000	£225,000,000
<b>Credit Enhancement and Liquidity Support</b>	Subordination of the Class Z Notes, excess Available Revenue Receipts, Liquidity Reserve and General Reserve, application of Available Principal Receipts to fund Revenue Deficiencies, following the termination of the Revolving Period, sequential payments of the principal on the Class A Notes and the Class Z Notes.	Excess Available Revenue Receipts
<b>Issue Price</b>	100%	100%
<b>Interest Rate</b>	Compounded Daily SONIA + 0.75%	Compounded Daily SONIA + 2.00%
<b>Interest Accrual Method</b>	Actual/365 fixed	Actual/365 fixed
<b>Interest Determination Date</b>	5 Business Days prior to each Interest Payment Date	5 Business Days prior to each Interest Payment Date
<b>Interest Payment Date</b>	27th day of each calendar month	27th day of each calendar month
<b>Business Day</b>	London	London
<b>Business Day Convention</b>	Modified Following	Modified Following
<b>First Interest Payment Date</b>	27th December 2020 (subject to adjustment in accordance with the Business Day Convention)	27th December 2020 (subject to adjustment in accordance with the Business Day Convention)
<b>First Interest Period</b>	From (and including) the Closing Date to (but excluding) the first Interest Payment Date	From (and including) the Closing Date to (but excluding) the first Interest Payment Date
<b>Clean up Call</b>	The aggregate Principal Amount Outstanding of all of the Notes is equal to or less than 20 per cent. of the aggregate Principal Amount	The aggregate Principal Amount Outstanding of all of the Notes is equal to or less than 20 per cent. of the aggregate Principal Amount

	Outstanding of the Notes on the Closing Date.	Amount Outstanding of the Notes on the Closing Date.
<b>Other Early Redemption in full Events</b>	Optional redemption exercisable by the Issuer in whole on any Interest Payment Date for tax reasons.	Optional redemption exercisable by the Issuer in whole on any Interest Payment Date for tax reasons.
<b>Final Maturity Date</b>	Interest Payment Date falling in December 2035	Interest Payment Date falling in December 2035
<b>Form of the Notes</b>	Global Notes	Dematerialised Certificate Form
<b>Application for Listing</b>	Euronext Dublin	N/A
<b>ISIN</b>	XS2252641712	N/A
<b>Common Code</b>	225264171	N/A
<b>Clearance/ Settlement</b>	Euroclear/ Luxembourg	Clearstream, N/A
<b>Denomination of the Notes</b>	£100,000 (and £1,000 thereafter)	£100,000 (and £1,000 thereafter)
<b>Minimum Holding</b>	£100,000	£100,000
<b>Ranking of Payments</b>	<p>The Class A Notes will rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among themselves as to payments of interest and principal at all times and will rank senior to the Class Z Notes as to payments of interest and principal at all times.</p> <p>The Class Z Notes will rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among themselves as to payments of interest and principal at all times and will rank junior to the Class A Notes as to payments of interest and principal at all times.</p> <p>Prior to the service of a Note Acceleration Notice, payments of principal and interest will be made in accordance with the Pre-Acceleration Principal Priority of Payments and the Pre-Acceleration Revenue Priority of Payments.</p> <p>Following the service of a Note Acceleration Notice, amounts received or recovered by the Security Trustee (or a receiver appointed on its behalf) will be made in accordance with Post-Acceleration Priority of Payments.</p>	
<b>Security</b>	The Notes are secured and will share the Security together with the other Secured Liabilities of the Issuer in accordance with the Deed of Charge and Condition 2.2 ( <i>Security</i> ). Some of the other Secured Liabilities rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the relevant Priority of Payments.	
<b>Interest payable on the Notes</b>	Please refer to the " <i>Full Capital Structure of the Notes</i> " table above and Condition 4 (Interest) for the relevant interest provisions.	

<b>Interest Deferral</b>	Interest due and payable on the Most Senior Class of Notes will not be deferred. For as long as the Class A Notes are outstanding, interest due and payable on the Class Z Notes may be deferred in accordance with Condition 15.1 ( <i>Deferred Interest</i> ).
<b>No gross up</b>	Neither the Issuer nor any other person will be obliged to gross up if there is any withholding or deduction for or on account of tax in respect of any payments under the Notes.
<b>Redemption</b>	<p>The Notes are subject to the following optional or mandatory redemption events (in whole or in part):</p> <ul style="list-style-type: none"> <li>• mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 6.1 (<i>Redemption at maturity</i>);</li> <li>• mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date following the termination of the Revolving Period subject to availability of Available Principal Receipts (applied in accordance with the Pre-Acceleration Principal Priority of Payments), as fully set out in Condition 6.3 (<i>Mandatory redemption in part</i>);</li> <li>• optional redemption exercisable by the Issuer in whole on any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes is equal to or less than 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date as fully set out in Condition 6.2 (<i>Optional redemption for taxation or other reasons</i>);</li> <li>• optional redemption exercisable by the Issuer in whole on any Interest Payment Date for tax, as fully set out in Condition 6.2 (<i>Optional redemption for taxation or other reasons</i>); and</li> <li>• optional redemption in whole following a Risk Retention Regulatory Change Event as fully set out in Condition 6.2 (<i>Optional redemption for taxation or other reasons</i>).</li> </ul> <p>Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note plus any accrued amounts of the relevant Note up to (but excluding) the date of redemption.</p>
<b>Events of Default</b>	<p>The Events of Default are fully set out in Condition 9 (<i>Events of Default</i>), and include but are not limited to:</p> <ul style="list-style-type: none"> <li>• the occurrence of an Insolvency Event in respect of the Issuer;</li> <li>• the Issuer defaults in the payment of any interest on the Most Senior Class of Notes when the same becomes due and payable, and such default continues for a period of 5 Business Days;</li> </ul>

- the Issuer defaults in the payment of principal on the Most Senior Class of Notes when due, and such default continues for a period of 3 Business Days; or
- any other breach of obligations by the Issuer under the Conditions or any Transaction Document to which it is a party (excluding, for the avoidance of doubt, its obligations to make payments of principal or interest on the Notes when due) and such breach is either (i) in the opinion of the Note Trustee, incapable of remedy or (ii) in the opinion of the Note Trustee, capable of remedy, but remains unremedied for a period of 30 days or such longer period as the Note Trustee may agree after the Note Trustee has given written notice of such default to the Issuer; or
- 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 Trust Documents or any of the other Transaction Documents and the Issuer has not notified the Trustee within 5 Business Days of its intention to exercise its option to redeem the affected Notes as set out in Condition 6.2 (*Optional redemption for taxation or other reasons*).

**Limited Recourse**

All of the Notes are limited recourse obligations of the Issuer, and, if, after the distribution of all of the Issuer's assets, there are amounts that are not paid in full, any amounts then outstanding are deemed to be discharged in full and any payment rights are deemed to cease as described in more detail in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*).

**Non-Petition**

The Noteholders shall not be entitled to take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer as described in more detail in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*).

**Governing Law**

The Notes and the Conditions (and, in each case, any non-contractual obligations arising out of or in connection therewith) will be governed by, and construed in accordance with, English law. All of the Transaction Documents (and, in each case, any non-contractual obligations arising out of or in connection therewith) are governed by English law.



## RIGHTS OF NOTEHOLDERS

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

### **Prior to an Event of Default**

Prior to the occurrence of an Event of Default, the Issuer or the Note Trustee may at any time, and Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding are entitled to, upon requisition in writing to the Issuer, convene a Noteholders' meeting to consider any matter affecting their interests.

### **Following an Event of Default**

Following the occurrence of an Event of Default, Noteholders may, if they hold not less than one-fifth of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if the Noteholders of the Most Senior Class of Notes pass an Extraordinary Resolution, direct the Note Trustee to give a Note Acceleration Notice to the Issuer notifying the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued interest. In the case of the Issuer failing to perform or observe any of its other obligations under the Conditions or any Transaction Document to which it is a party (excluding its obligations to make payments of principal or interest on the Notes when due), such an Extraordinary Resolution will be effective only if the Note Trustee shall also have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Most Senior Class of Notes. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders, determine that an Event of Default or Potential Event of Default shall not, or shall not subject to specified conditions, be treated as such.

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

		<u>Initial Meeting</u>	<u>Adjourned Meeting</u>
<b>Noteholders meeting provisions</b>	Notice period:	At least 21 clear days for the initial meeting (and no more than 180 clear days).	At least ten clear days for the adjourned meeting (and no more than 42 clear days in the case of an initial adjournment of a meeting at which an Extraordinary Resolution is to be proposed).
	Meeting Location	United Kingdom	United Kingdom
	Quorum:	At least 20 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes then outstanding	Any holding (other than an Extraordinary Resolution or a Basic Terms Modification, which requires at least

for all Ordinary Resolutions; at least 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting to pass an Extraordinary Resolution (other than a Basic Terms Modification, which requires at least 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes).

Required majority: More than 50 per cent. of votes cast for matters requiring Ordinary Resolution and at least 75 per cent. of votes cast for matters requiring Extraordinary Resolution.

Written Resolution: In respect of any Ordinary Resolution, more than 50 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes then outstanding.

In respect of any Extraordinary Resolution, at least 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes then outstanding.

A Written Resolution has the same effect as an Ordinary Resolution or, as applicable, an Extraordinary Resolution.

**Matters requiring Extraordinary Resolution**

Broadly speaking, the following matters require an Extraordinary Resolution:

- to approve any Basic Terms Modification;
- to approve the substitution of any person for the Issuer as principal obligor under the Notes;
- to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default under the Notes;
- to remove the Note Trustee and/or the Security Trustee and to approve the appointment of a new Note Trustee and/or Security Trustee;
- to authorise the Note Trustee or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;

- to discharge or exonerate the Note Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- to appoint any persons as a committee to represent the interests of the Noteholders and to convey upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

**Right of modification  
without Noteholder  
consent**

Pursuant to and in accordance with the detailed provisions of Condition 11 (*Meetings of Noteholders, Modification and Waiver*), the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified, to concur and to direct the Security Trustee to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document or enter into any new, supplemental or additional documents for the purposes of:

- (a) complying with, or implementing or reflecting, any change in criteria of the Rating Agencies;
- (b) enabling the Issuer and/or the Swap Counterparty to comply with any obligation which applies to it under EMIR;
- (c) complying with any changes in the requirements of the Securitisation Regulation or any other risk retention and securitisation-related legislation or regulations or official guidance in relation thereto (including, for the avoidance of doubt, the STS Requirements and the U.S. Risk Retention Rules);
- (d) enabling the Notes to be (or to remain) listed on Euronext Dublin;
- (e) enabling the Issuer or any other Transaction Party to comply with FATCA;
- (f) complying with any changes in the requirements of the CRA Regulation;
- (g) enabling the Issuer to open any custody account for the receipt of any collateral posted by the Swap Counterparty under the Swap Agreement in the form of securities;
- (h) changing Compounded Daily SONIA or the base rate then applicable in respect of the Class A Notes to an alternative base rate and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a **Base Rate Modification**);

- (i) changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Counterparty solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate pursuant to the terms of the Swap Agreement to the base rate of the Class A Notes following such Base Rate Modification,

**provided that**, in each case, the Issuer or another relevant Transaction Party, as set out in Condition 11 (*Meetings of Noteholders, Modification and Waiver*), certifies to the Note Trustee in writing (upon which certificate the Note Trustee shall rely absolutely and without further enquiry or liability) that such modification is required for such purpose and has been drafted solely to such effect.

Among other things, the Issuer must certify to the Note Trustee that it has provided at least 30 days' notice to Noteholders of each Class of the proposed modification other than in relation to paragraphs (b), (c), (e) and (g) in accordance with Condition 14 (*Notice to Noteholders*) and by publication on the Relevant Screen. 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 in writing that such Noteholders do not consent to the modification, then such modification will not be made unless passed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding in accordance with Condition 11 (*Meetings of Noteholders, Modification and Waiver*).

In addition, the Security Trustee and the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or the other Secured Creditors but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified, to concur with the Issuer in making any modification to the Conditions and/or any other Transaction Document in order to enable the Issuer and/or the Swap Counterparty to comply with any obligation which applies to it under EMIR, provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Security Trustee, the Note Trustee and the Swap Counterparty or Issuer, as applicable, 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.

**Relationship between  
Classes of Noteholders:**

Except in respect of certain matters set out in Condition 11 (*Meetings of Noteholders, Modification and Waiver*) and the Trust Deed and excluding for the avoidance of doubt a Basic Terms Modification in respect of the Noteholders of the Classes other than the Most Senior Class of Notes, an Extraordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes. For further details see Condition 11 (*Meetings of Noteholders, Modification and Waiver*).

A Basic Terms Modification requires an Extraordinary Resolution of each Class of Notes.

**Relationship between  
Noteholders and other  
Secured Creditors:**

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

**Provision of Information  
to the Noteholders:**

For the purposes of Article 7(2) of the Securitisation Regulation, the Originator has been appointed as the designated entity responsible for fulfilling the information requirements under Article 7 of the Securitisation Regulation.

The Cash Manager, on behalf of the Issuer, (and subject to receipt of the relevant Servicer Report) will prepare each Monthly Investor Report detailing, among other things, certain aggregated loan data in relation to the Portfolio. The Servicer will make available each Monthly Investor Report on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com) or such other website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation (the **Securitisation Repository Website**). For the avoidance of doubt, neither the Securitisation Repository Website nor the contents thereof forms part of this Offering Circular.

The Cash Manager does not assume any responsibility for the Issuer's obligations under the Securitisation Regulation.

## CREDIT STRUCTURE AND CASH FLOW

*Please refer to the section entitled "Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.*

<b>Funds available to the Issuer</b>	The Issuer will use Available Revenue Receipts and Available Principal Receipts for the purposes of making interest and principal payments under the Notes and meeting the Issuer's other payment obligations pursuant to the other Transaction Documents.
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<b>Available Revenue Receipts</b>	For each Interest Payment Date, the <b>Available Revenue Receipts</b> will be calculated by the Cash Manager on or before the immediately preceding Calculation Date and will be an amount equal to the sum of:
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- (a) all Revenue Receipts received by the Issuer during the immediately preceding Calculation Period;
- (b) interest received during the immediately preceding Calculation Period on the Issuer Bank Accounts (other than any Swap Collateral Account) and any income received during the immediately preceding Calculation Period relating to any Authorised Investments purchased from amounts standing to the credit of the Issuer Bank Accounts (other than any Swap Collateral Account);
- (c) amounts to be received by the Issuer under the Swap Agreement (other than any early termination amount or Replacement Swap Premium and any Swap Collateral, Swap Tax Credits, Excess Swap Collateral, or any other amount standing to the credit of any Swap Collateral Account);
- (d) notwithstanding paragraph (c) above, (i) any early termination amount received from the Swap Counterparty in excess of the amount required and applied by the Issuer to purchase one or more replacement Swap Agreements, and (ii) any Replacement Swap Premium received from a replacement Swap Counterparty in excess of the amount required and applied to pay any outgoing Swap Counterparty;
- (e) all amounts then standing to the credit of the Liquidity Reserve Ledger and the General Reserve Ledger;
- (f) any deficiency in the Available Revenue Receipts (excluding paragraphs (f) and (g)) required to pay any Revenue Deficiency (such amount to be applied as Available Revenue Receipts from amounts otherwise constituting Available Principal Receipts), up to an amount equal to the Available Principal Receipts on such Interest Payment Date (the **Principal Additional Amounts**);
- (g) any Surplus Available Principal Receipts;

- (h) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale Agreement in respect of an exercise by the Issuer of the Clean-up Call, such amount of the Final Repurchase Price received by the Issuer on such Interest Payment Date representing amounts other than the Outstanding Principal Balance of the Final Receivables as at such Interest Payment Date;
- (i) the Income Element of the Optional Repurchase Price (if any) paid by the Seller to the Issuer in respect of an exercise by the Issuer of the Receivables Call Option during the Calculation Period immediately preceding such Interest Payment Date in respect of any Defaulted Receivable or a COVID-19 Affected Receivable;
- (j) any Recovery Amounts received in respect of the immediately preceding Calculation Period;
- (k) any Revenue Receipts (other than those Revenue Receipts referred to in paragraph (a) above) that have not been applied on the immediately preceding Interest Payment Date.

but, for the avoidance of doubt, excluding any Issuer Profit Amount retained by the Issuer on any prior Interest Payment Date and any amounts which have been applied as Permitted Withdrawals by the Issuer during the immediately preceding Calculation Period.

**Available  
Receipts**

**Principal**

For each Interest Payment Date, the **Available Principal Receipts** will be calculated by the Cash Manager on or before the immediately preceding Calculation Date and will be an amount equal to the sum of:

- (a) all Principal Receipts received by the Issuer during the immediately preceding Calculation Period;
- (b) the amounts, if any, to be credited to the Principal Deficiency Ledger pursuant to items (i) and (l) of the Pre-Acceleration Revenue Priority of Payments on the relevant Interest Payment Date;
- (c) any amount standing to the credit of the Reinvestment Ledger;
- (d) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale Agreement in respect of an exercise by the Issuer of the Clean Up Call, such amount of the Final Repurchase Price received by the Issuer on such Interest Payment Date representing the Outstanding Principal Balance of the Final Receivables as at such Interest Payment Date;
- (e) the Principal Element of the Optional Repurchase Price paid by the Seller to the Issuer in respect of an exercise by the Issuer of the Receivables Call Option during the Calculation Period immediately preceding such Interest Payment Date in respect of any Defaulted Receivable or a COVID-19 Affected Receivable;

- (f) any Principal Receipts (other than those Principal Receipts referred to in paragraph (a) above) that have not been applied on the immediately preceding Interest Payment Date.

## Summary of Priority of Payments

Below is an overview of the Priority of Payments:

<b>Pre-Acceleration Revenue Priority of Payments:</b>	<b>Pre-Acceleration Principal Priority of Payments:</b>	<b>Post-Acceleration Priority of Payments:</b>
<ul style="list-style-type: none"> <li>Fees, costs and expenses due and payable to the Security Trustee and the Note Trustee</li> <li>Fees, costs and expenses due to the Agent Bank, Paying Agent, Listing Agent, Cash Manager, Back-Up Servicer, Facilitator, Account Bank, Custodian, Corporate Services Provider and Registrar</li> <li>Swap Agreement payments other than Subordinated Swap Amounts</li> <li>Amounts due to any auditors and professional advisers to the Issuer and any amounts due to the Servicer, any back-up servicer and any</li> </ul>	<ul style="list-style-type: none"> <li>Revenue Deficiency in respect of senior expenses and the Class A Notes (items (a) to (g) of the Pre-Acceleration Priority of Payments</li> <li>During the Revolving Period only, to repay the Class Z Notes Principal Amount in the amount required to reduce the Principal Amount Outstanding of the Class Z Notes to the Class Z Notes Minimum Principal Amount</li> <li>During the Revolving Period only, Further Receivables Purchase Price</li> <li>During the Revolving Period only, to credit the Reinvestment Ledger</li> <li>the Class A Notes Principal Amount</li> </ul>	<ul style="list-style-type: none"> <li>Fees, costs and expenses due and payable to the Security Trustee and the Note Trustee</li> <li>Fees, costs and expenses due to the Agent Bank, Paying Agent, Listing Agent, Back-Up Servicer, Facilitator, Cash Manager, Servicer, any back-up servicer, Account Bank, Custodian, Corporate Services Provider and Registrar</li> <li>Swap Agreement payments other than Subordinated Swap Amounts</li> <li>Amounts due to any party to which the Issuer has delegated reporting obligations in respect of EMIR</li> <li><i>Pro rata</i> and <i>pari passu</i> the Class A Notes Interest Amount and the</li> </ul>



	party to which the Issuer has delegated reporting obligations in respect of EMIR	•	the Class Z Notes Principal Amount	•	Class A Notes Principal Amount
•	Issuer Profit Amount	•	Any Surplus Available Principal Receipts to be applied as Available Revenue Receipts	•	<i>Pro rata</i> and <i>pari passu</i> the Class Z Notes Interest Amount and the Class Z Notes Principal Amount
•	<i>Pro rata</i> and <i>pari passu</i> the Class A Notes Interest Amount			•	<i>Pro rata</i> and <i>pari passu</i> interest amounts due and payable in respect of any Subordinated Swap Amounts
•	To credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount			•	Other amounts owed by the Issuer under the Transaction Documents
•	Class A Principal Deficiency Sub-Ledger			•	To pay any Reserve Excess Amount to the Liquidity Reserve Provider
•	To credit the General Reserve Ledger up to the General Reserve Required Amount			•	Issuer Profit Amount
				•	Deferred Purchase Price
•	On the Final Class A Interest Payment Date, repayment of the Liquidity Reserve Provider of the Reserve Excess Amount				
•	Class Z Principal Deficiency Sub-Ledger				

- *Pro rata and pari passu* the Class Z Notes Interest Amount
- *Pro rata and pari passu* interest amounts due and payable in respect of any Subordinated Swap Amounts;
- Other amounts owed by the Issuer under the Transaction Documents
- Deferred Purchase Price

**General Structure**

**Credit**

The credit structure of the transaction includes the following elements:

- the availability of the Liquidity Reserve, funded initially by the Liquidity Reserve Provider on the Closing Date in an amount equal to 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date, and thereafter replenished up to an amount equal to: (a) up to the Final Class A Interest Payment Date an amount equal to the higher of (i) an amount equal to 0.10% of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date; and (ii) an amount equal to 1.25% of the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately prior to the relevant Interest Payment Date and (b) on and following the Final Class A Interest Payment Date, zero (the **Liquidity Reserve Required Amount**) in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The Liquidity Reserve will be available to pay items (a) to (g) inclusive of the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments from the Closing Date up to and including the Final Class A Interest Payment Date.
- the availability of the General Reserve, funded on each Interest Payment Date up to an amount equal to: (a) up to the Final Class A Interest Payment Date the difference between (i) an amount equal to 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; and (ii) the Liquidity Reserve Required Amount as at that Interest Payment Date; and (b) on and following the Final Class A Interest Payment Date, zero (the **General Reserve Required Amount**) in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The General Reserve will be available to pay items

(a) to (i) in the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments up to and including the Final Class A Interest Payment Date. On the earlier of the Final Class A Interest Payment Date (provided that no Note Acceleration Notice has been served) and the Final Maturity Date, the Liquidity Reserve Required Amount and the General Reserve Required Amount shall be reduced to zero and an amount equal to the aggregate of (a) the Liquidity Reserve Required Amount as at the preceding Interest Payment Date; plus (b) the General Reserve Required Amount as at the preceding Interest Payment Date (such amount representing the **Reserve Excess Amount**) shall be applied to repay the Liquidity Reserve Proceeds initially advanced by the Liquidity Reserve Provider in accordance with item (k) of the Pre-Acceleration Priority of Payments.

- application of Available Principal Receipts to fund any Revenue Deficiencies (such Principal Additional Amounts will be applied to pay items (a) to (g) inclusive of the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments);
- the establishment of the Principal Deficiency Ledgers to record as a debit (i) any Default Amounts and/or (ii) the application of any Available Principal Receipts to meet the Revenue Deficiency (to be applied in accordance with item (a) of the Pre-Acceleration Principal Priority of Payments);
- the availability of the interest rate swap provided by the Swap Counterparty to hedge against the variance between the fixed rate of interest in respect of the Purchased Receivables and the floating rate of interest in respect of the Class A Notes; and
- after the Revolving Period ends, repayments of principal in respect of the Class Z Notes will be subordinated to repayment of principal in respect of the Class A Notes, thereby ensuring that available funds are applied to repayment of principal in respect of the Most Senior Class of Notes in priority to repayment of principal in respect of the Class Z Notes as the junior Class of Notes.

See the section entitled "*Credit Structure, Liquidity and Hedging*" for further information.

#### **Reinvestment Ledger**

During the Revolving Period, Available Principal Receipts will be credited to the Reinvestment Ledger in accordance with the Pre-Acceleration Principal Priority of Payments. Any such amounts credited to the Reinvestment Ledger will then be allocated towards the purchase of Further Receivables during the Revolving Period. The Issuer may purchase Further Receivables on any Further Purchase Date with amounts standing to the credit of the Reinvestment Ledger. After the end of the Revolving Period, such amounts will be applied as Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments or, following the delivery of a Note Acceleration Notice and prior to the full repayment of all Secured Liabilities, the Post-Acceleration Priority of Payments.

#### **Revenue Deficiency:**

On each Calculation Date, the Cash Manager will determine whether the Available Revenue Receipts (excluding any Available Revenue Receipts referred to in items (f) and (g) of the definition of Available Revenue Receipts) will be sufficient to pay

or provide for the payment of items (a) to (g) in the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments on the immediately following Interest Payment Date.

If the Cash Manager determines that there is a deficiency in the amount of the Available Revenue Receipts (excluding any Available Revenue Receipts referred to in items (f) and (g) of the definition of Available Revenue Receipts) to pay items (a) to (g) in the Pre-Acceleration Revenue Priority of Payments (the amount of any such deficit being a **Revenue Deficiency**), the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay or provide for such Revenue Deficiency by applying amounts which constitute Available Principal Receipts (if any) to cover the deficit (such amount being the **Principal Additional Amount**) (and the Cash Manager shall make a corresponding entry against the Revenue Deficiency Ledger).

Available Principal Receipts will, if applicable, be applied as Available Revenue Receipts subject to and in accordance with the Pre-Acceleration Revenue Priority of Payments.

**Principal  
Deficiency Ledger**

The Principal Deficiency Ledger comprises sub-ledgers known as the Class A Notes Principal Deficiency Ledger and the Class Z Notes Principal Deficiency Ledger. The Cash Manager shall record amounts as appropriate on the Principal Deficiency Ledger, by:

- (a) crediting the Class A Principal Deficiency Sub-Ledger by an amount equal to the amounts transferred under item (h) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date; and
- (b) crediting the Class Z Principal Deficiency Sub-Ledger by an amount equal to the amounts transferred under item (j) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date;
- (c) debiting the Principal Deficiency Ledger by an amount equal to the aggregate of (x) the Default Amount for such Calculation Period and (y) by an amount equal to the Principal Additional Amount (to be applied in accordance with item (a) of the Pre-Acceleration Principal Priority of Payments), in the following order:
  - (i) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; and
  - (ii) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

**Collections and  
Cash Management**

All Collections in respect of the Purchased Receivables in the Portfolio are received by the Seller in its Collections Accounts.

**Received Collections**

The Servicer will on each Business Day (i) determine all amounts referred to in paragraph (a) of the definition of Collections in respect of Purchased Receivables paid into the Collections Accounts on the immediately preceding Business Day (the

**Receipted Collections**) (ii) transfer such collections from the Collections Accounts to the Transaction Account.

### **Monthly Reconciliation**

On or prior to the 10th Business Day of each calendar month, the Servicer will determine and notify the Cash Manager of (i) the amount of Actual Collections that were paid into the Collections Accounts during the immediately preceding Calculation Period and (ii) the aggregate amount of all Receipted Collections transferred to the Transaction Account from the Collections Account in respect of that Calculation Period.

In the event that the Actual Collections paid into the Collections Accounts during the immediately preceding Calculation Period exceed the aggregate amount of all Receipted Collections paid into the Transaction Account by the Servicer in respect of that Calculation Period, the Servicer will procure that the Seller pays within 5 Business Days a reconciliation amount (a **Collections Reconciliation Amount**) equal to the absolute value of such excess, to the Transaction Account.

In the event that the aggregate amount of all Receipted Collections paid into the Transaction Account by the Servicer in respect of that Calculation Period exceeds the Actual Collections paid into the Collections Accounts during the immediately preceding Calculation Period (the excess amount being the **Excess Collections Amount**), the Servicer will, within 5 Business Days, cause an amount equal to the absolute value of the Excess Collections Amount to be transferred from the Transaction Account to (and for the account of) the Seller (outside of any priority of payments and prior to the distribution of any amounts due to the Noteholders or the other Secured Creditors on the immediately following Interest Payment Date).

In addition, the Seller has declared a trust over all amounts standing to the credit of the Collections Accounts in favour of the Issuer and themselves in accordance with the terms of the Servicing Agreement and the Collections Accounts Declaration of Trust (as to which see further the section entitled "*Overview of the Transaction Documents – Servicing Agreement*" and "*Overview of the Transaction Documents – Collections Accounts Declaration of Trust*").

### **Overview of key Swap Terms**

The interest rate swap has the following key commercial terms:

#### **Swap Notional Amount**

At the commencement of each Swap Calculation Period, the notional amount of the interest rate swap transactions will be calculated by reference to the aggregate principal amount outstanding of the Purchased Receivables on the final calendar day of the month immediately preceding such Swap Calculation Period, excluding any Purchased Receivables that are or have been classified as Defaulted Receivables.

#### **Issuer payment**

0.056% per annum of the swap notional amount

<b>Swap Counterparty Payment</b>	Compounded Daily SONIA (subject to a floor of -0.75 per cent.) on the Swap Notional Amount
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<b>Frequency of Payment</b>	Each Interest Payment Date.
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See "*Overview of the Transaction Documents – Swap Agreement*" and "*Credit Structure, Liquidity and Hedging – Swap Agreement*" for further information.

## TRIGGERS TABLES

### (A) RATING TRIGGERS TABLE

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
<b>Account Bank</b>	(a) Short-term, unsecured, unguaranteed and unsubordinated debt obligations rated at least "P-1" by Moody's and "F1" by Fitch or (b) long-term bank deposits rated at least "A3" by Moody's and "A" by Fitch; or (c) in each case, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.	<p>The consequence of breach is that the Issuer within 30 days of the breach occurring, to do one of the following: (a) close the relevant Issuer Bank Account held with the Account Bank and open a new replacement account with a financial institution (I) having all the requisite ratings and (II) which is a bank as defined in Section 991 of the Income Tax Act 2007 and which is situated in a Member State of the European Union, and authorised as a credit institution by a competent authority in a Member State of the European Union, for the purposes of the Credit Institutions Directive; (b) obtain a guarantee in support of the Account Bank's obligations under the Account Bank Agreement from a financial institution having all the requisite ratings; or (c) carry out such other actions as may be reasonably requested by the parties to the Account Bank Agreement to maintain the rating of the Class A Notes immediately prior to the breach.</p> <p>If the Issuer fails to comply with the above, the Account Bank's appointment will be terminated by the Issuer (with prior written notice to the Security Trustee) by providing prior written notice to the Account Bank (such termination being effective on a replacement account bank being appointed by the Issuer).</p>
<b>Collections Account Bank</b>	A long-term unguaranteed unsecured and unsubordinated	If the Collection Account Bank fails to maintain any of the

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	debt rating of at least Baa3 by Moody's and (a) a short-term issuer default rating of F2 by Fitch or (b) a long-term issuer default rating of BBB+ by Fitch (the " <b>Collection Account Bank Rating</b> ").	<p>Collection Account Bank Ratings, then the Servicer shall assist the Seller to:</p> <ul style="list-style-type: none"> <li>(a) open a replacement collection account in the name of the Seller with a financial institution (i) having a rating of at least the Collection Account Bank Rating, (ii) approved in writing by the Issuer and the Security Trustee and (iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</li> <li>(b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or</li> <li>(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Notes,</li> </ul>
		<p>in each case as prescribed and within the time limits as set out in the Servicing Agreement (within 30 calendar days following the ratings downgrade), and transfer all Direct Debit mandates to such replacement collection account and procure that all monthly instalments made by a Borrower under a payment arrangement other than the Direct Debiting Arrangements are made to such replacement collection account from the date on which the replacement collection account is opened.</p>



<b>Transaction Party</b>	<b>Required Ratings</b>	<b>Contractual requirements on occurrence of breach of ratings trigger include the following:</b>
<b>Swap Counterparty</b>	<p><b>Moody's long-term unsecured, unsubordinated and unguaranteed debt rating requirements or long-term counterparty risk assessment requirements</b></p> <p>The Swap Counterparty, or any additional guarantor, must have a Moody's counterparty risk assessment of "A3(cr)" or above, or if a counterparty risk assessment is not available for such entity, the long-term unsecured and unsubordinated debt or counterparty obligations must be rated "A3" or above by Moody's.</p>	<p>The Swap Counterparty must within 30 calendar days (i) provide collateral to the extent required under the Swap Agreement, provided that the collateral posting requirement shall be deemed not to apply if the Swap Counterparty has taken one of the remedial actions under the Swap Agreement.</p> <p>The Issuer may terminate the Swap Agreement if the Swap Counterparty fails to provide collateral in respect of the Swap Agreement within the relevant time period (to the extent that the Swap Counterparty is required to do so) and such failure is not remedied on or before the third Business Day after notice of such failure is given to the Swap Counterparty.</p>

**Fitch's long-term issuer default rating and short-term issuer default rating requirements**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>Current rating of the Fitch Relevant Notes</b>	<b>Unsupported Minimum Counterparty Rating</b>	<b>Supported Minimum Counterparty Rating</b>	<b>Supported Minimum Counterparty Rating (adjusted)</b>
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAsf, AA- sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:	
BB+sf, BBsf, BB-sf	At least as high as the Class A Notes rating	B+	BB-
B+sf or below or the Class A Notes are not rated by Fitch	At least as high as the Class A Notes rating	B-	B-

Fitch initial required ratings

In respect of the Swap Agreement, the relevant Unsupported Minimum Counterparty Ratings set out in Column 2 or above.

Subject to the terms of the Swap Agreement, the Swap Counterparty, on a commercially reasonable efforts basis and at its own cost and expense, (a) must provide collateral within 14 calendar days (to the extent required depending on the value of the relevant swap to each of the parties at such time) or (b) if so chosen by the Swap Provider in its sole and absolute discretion, may within 30 calendar days either (i) transfer all of its obligations in respect of the Swap Agreement to an entity that is eligible to be a swap provider under the Fitch ratings criteria, or (ii) procure another person that has the Unsupported Minimum Counterparty rating to become co-obligor or guarantor of its rights and obligations with respect to the Swap Agreement, or (iii) take such other action (which may, for the avoidance of doubt, include (I) taking no action or (II) providing collateral under the Swap Agreement in such amount as would be sufficient to support the Swap Counterparty's obligations under the Swap Agreement) as will maintain, or restore, the rating of the Class A Notes by Fitch.

The Issuer may terminate the Swap Agreement if the Swap Counterparty fails to provide collateral in respect of the Swap

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
		Agreement in the relevant time period (to the extent the Swap Counterparty is required to do so) and the Swap Counterparty has failed to take the relevant actions in (i) to (iii) above.
	<u>Fitch subsequent required ratings</u>	
	In respect of the Swap Agreement, the relevant Supported Minimum Counterparty Ratings (adjusted or unadjusted as set out in the table above, as applicable).	Subject to the terms of the Swap Agreement, the Swap Counterparty will, on a commercially reasonable efforts basis and at its own cost and expense, (a) within 14 calendar days, post collateral under the Swap Agreement and (b) within 30 calendar days, either (i) transfer all of its rights and obligations in respect of the Swap Agreement to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) procure another person that has the Supported Minimum Counterparty Ratings (adjusted or unadjusted, as applicable), or (iii) take such other action (which may, for the avoidance of doubt, include (I) taking no action or (II) providing collateral under the Swap Agreement in such amount as would be sufficient to support the Swap Counterparty's obligations under the Swap Agreement) as will maintain, or restore, the rating of the Class A Notes by Fitch.
	If the Swap Agreement is transferred to a swap counterparty who is incorporated in England or a swap counterparty that provides an external legal opinion confirming that the subordination provisions relating to the Subordinated Swap Amounts are enforceable, in a form acceptable to Fitch and the Issuer, then the ratings set out in Column 3 (Supported Minimum Counterparty Rating) above will be the Fitch subsequent required ratings for the Swap Agreement.	
	If the Swap Agreement is transferred to any other Swap Counterparty, the ratings set out in Column 4 (Supported Minimum Counterparty Rating (adjusted)) above will be the Fitch subsequent required ratings for the Swap Agreement.	The Issuer may terminate the Swap Agreement if the Swap Counterparty fails to provide collateral in respect of the Swap Agreement in the relevant time period (to the extent that the Swap Counterparty is required to do so). The Issuer may also terminate the Swap Agreement if the Swap Counterparty fails to take the

<b>Transaction Party</b>	<b>Required Ratings</b>	<b>Contractual requirements on occurrence of breach of ratings trigger include the following:</b>
		relevant actions in (i) to (iii) above.

**(B) NON-RATING TRIGGERS TABLE**

<b>Nature of Trigger</b>	<b>Description of Trigger</b>	<b>Contractual requirements on occurrence of breach of trigger include the following:</b>
<b>Perfection Events</b>	The occurrence of any of the following:	Customers will be notified of the sale and assignment to the Issuer and legal title to the Purchased Receivables will be transferred to the Issuer.
See the section entitled " <i>Overview of the Transaction Documents – Receivables Sale Agreement</i> " for further information.	(a) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables) in accordance with the terms of the Receivables Sale Agreement; or	Further, Customers will be directed to pay amounts outstanding in respect of Purchased Receivables directly to the Issuer and instructions will be made to make transfers from the Collections Accounts to the Transaction Account.
	(b) unless otherwise agreed in writing by the Security Trustee, a Servicer Termination Event occurs; or	
	(c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Security Trustee; or	
	(d) the occurrence of an Insolvency Event in respect of the Seller;	
	(e) the Seller is in breach of its obligations under the Receivables Sale Agreement to pay to the Issuer any sum in respect of the Purchased Receivables within five Business Days of the date	

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
	on which payment is required to be made by the Seller or the date of demand and which failure is not remedied within 45 calendar days after the Issuer has given notice thereof to the Seller;	
	(f) the Seller is in breach of its obligations under the Receivables Sale Agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 45 calendar days; and (ii) Moody's and/or Fitch have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; and	
	(g) the Seller determines, as at any date, that the CET1 Ratio has fallen below 7.00 per cent., where: (i) <b>CET1 Ratio</b> means the ratio (expressed as a percentage) of Common Equity Tier 1 as at such date to the Risk Weighted Assets as at the same date, in each case calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation) or, as the context requires, a consolidated basis; (ii) <b>Common Equity Tier 1</b>	

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
	<p>means, as at any date, the sum of all amounts that constitute common equity tier 1 capital of the Seller as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations but without taking into account any transitional, phasing-in or similar provisions; and (iii) Risk Weighted Assets means, as at any date, the aggregate amount of the risk weighted assets of the Seller as at such date, as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations,</p>	
	<p>provided that the provisions of each of paragraphs (e), (f) and (g) shall: (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and</p>	

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
<p><b>Servicer Termination Event</b></p> <p>See the section entitled "<i>Overview of the Transaction Documents – Servicing Agreement</i>" for further information.</p>	<p>standardised' securitisation (within the meaning of the Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation).</p> <p>The occurrence of any of the following:</p> <p>(a) the Servicer fails to pay any amount due under the Servicing Agreement on the due date or on demand, if so payable, or to direct any movement of collections as required under the Servicing Agreement and the other Transaction Documents, and such failure has continued unremedied for a period of five Business Days or, where such failure is solely due to a technical or administrative error, ten Business Days since the date on which such technical or administrative error has occurred; or</p> <p>(b) other than as set forth in paragraph (d) below, any representation, warranty, certification or statement made by the Servicer in the Servicing Agreement (or in any report or other document delivered pursuant thereto) shall prove to have been incorrect in any material respect when made or deemed to be made or, if</p>	<p>Following the occurrence of a Servicer Termination Event, the Issuer may terminate the appointment of the Servicer under the Servicing Agreement.</p> <p>Further, at any time, the Servicer may also resign its appointment on no less than 12 months' written notice to, among others, the Issuer and the Security Trustee with a copy being sent to the Rating Agencies provided that such resignation shall not take effect unless the Issuer and the Security Trustee consent to such resignation. No termination or resignation of the Servicer shall be effective until a replacement servicer has been appointed.</p>

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
	capable of remedy, remains unremedied for 30 calendar days commencing after the earlier of: (I) the entity becoming aware of such non-compliance and (II) written notice of such non-compliance being received by the Servicer; or	
	(c) the Servicer fails to observe or perform in any material respect any of its covenants and obligations under or pursuant to the Servicing Agreement or any other Transaction Document to which it is a party and continues unremedied for a period of 30 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer;	
	(d) the Servicer fails to maintain its authorisations and permissions required under the FSMA or any other regulatory licence or approval required under the terms of the Servicing Agreement and such failure continues unremedied for a period of 30 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer; or	



Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
<b>Cash Manager Termination Event</b>	(e) the occurrence of an Insolvency Event in relation to the Servicer,  provided that in the case of each of the failures or defaults described in paragraphs (b) and (c) above, such failure or default results in a material adverse effect on the interests of the holders of the Notes then outstanding.	Following the occurrence of a Cash Manager Termination Event, the Issuer may terminate the appointment of the Cash Manager under the Cash Management Agreement.
See the section entitled " <i>Overview of the Transaction Documents – Cash Management Agreement</i> " for further information.	The occurrence of any of the following:  (a) an Insolvency Event occurs in relation to the Cash Manager;  (b) the Cash Manager fails to give any payment instruction required to be given (provided that in each case there are available funds standing to the credit of the relevant Issuer Bank Account) under the Cash Management Agreement and such default remains unremedied for a period of five Business Days after the earlier to occur of: (I) the entity becoming aware of such non-compliance and (II) written notice of such non-compliance being received by the Cash Manager; or	Further, at any time, the Cash Manager may also resign its appointment on no less than 90 days' written notice to, among others, the Issuer and the Security Trustee with a copy being sent to the Rating Agencies provided that such resignation shall not take effect until a Replacement Cash Manager has been appointed in its place and approved by the Security Trustee.  If the Cash Manager's appointment is terminated, the Issuer shall identify a suitable entity to act as Replacement Cash Manager which must first be approved by the Security Trustee.

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
	<p>(c) such entity fails to perform or observe any of its material duties, obligations, covenants or services under the Cash Management Agreement and such non-compliance continues unremedied for a period of ten days after the earlier of (I) the entity becoming aware of such default or (II) receipt by the entity of notice from the Issuer or the Security Trustee requiring the same to be remedied; or</p> <p>(d) it is or becomes unlawful for such entity to perform or comply with any of the obligations under the Cash Management Agreement.</p>	
<b>Revolving Period Termination Event</b>	<p>The occurrence of any of the following events will constitute a Revolving Period Termination Event:</p> <p>(a) the service of a Note Acceleration Notice by the Trustee following the occurrence of an Event of Default;</p> <p>(b) an Insolvency Event with respect to the Seller;</p> <p>(c) a Servicer Termination Event;</p> <p>(d) an Event of Default or Termination Event under the Swap Agreement (in each case as defined in the Swap Agreement);</p> <p>(e) on any Interest Payment Date, there are</p>	<p>Upon the occurrence of a Revolving Period Termination Event, the Revolving Period will terminate and no Further Receivables may be purchased by the Issuer and added to the Portfolio.</p>

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
	insufficient Available Revenue Receipts in order to fund the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount;	
	(f) the Cumulative Default Ratio exceeds the Cumulative Default Trigger on any Cumulative Default Test Date;	
	(g) the Swap Counterparty is downgraded below the Required Ratings and the Swap Counterparty has failed to provide collateral in accordance with the provisions of the Swap Agreement and/or has not transferred or novated any and all of its rights and obligations with respect to the Swap Agreement to an eligible replacement having at least the Required Ratings or has not procured an eligible guarantor having at least the Required Ratings;	
	(h) on any two consecutive Interest Payment Dates, the balance of the Reinvestment Ledger as at the Calculation Date immediately preceding the relevant Interest Payment Date is greater than 10 per cent. of the Outstanding Principal Balance of the Portfolio as at the Closing Date;	
	(i) on the immediately preceding Interest Payment Date, the debit balance of the Class Z	

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
	Principal Deficiency Sub-Ledger (taking into account amounts which have been credited to the Class Z Principal Deficiency Sub-Ledger on that Interest Payment Date) is greater than 0.00.	

## FEES

The following table sets out certain of the ongoing fees to be paid by the Issuer to the Transaction Parties.

<b>Type of Fee</b>	<b>Amount of Fee</b>	<b>Priority in Cash flow</b>	<b>Frequency</b>
Servicer Fee	0.15 per cent. per annum of the aggregate Outstanding Principal Balance of all Purchased Receivables in the Portfolio which are outstanding on the first day of the Calculation Period in which such Interest Payment Date falls (inclusive of VAT)	Ahead of all outstanding Notes	Monthly in arrears on each Interest Payment Date.
Fees paid to the Security Trustee, Note Trustee, the Agents, the Account Bank, the Custodian, the Cash Manager, the Corporate Services Provider and the Back-Up Servicer Facilitator.	An estimated annual fee of £33,500 per annum (exclusive of VAT).	Ahead of all outstanding Notes	Per annum.
Other fees and expenses of the Issuer	An estimated annual fee of £58,550 per annum (exclusive of VAT).	Ahead of all outstanding Notes	Per annum.
Expenses related to the admission to trading of the Notes	Listing fees – estimated at €13,000.	N/A	Payable on or about the Closing Date or on the first Interest Payment Date.

## CERTAIN REGULATORY CONSIDERATIONS

*The following outlines certain matters that may be relevant to some investors. It does not purport to be a comprehensive list of regulatory matters that pertain to investors. All investors are responsible for analysing their own regulatory position and should consult their own advisers in this respect.*

### **EU Risk Retention**

Sainsbury's Bank plc (as originator for purposes of the Securitisation Regulation (the **Retention Holder**)) has undertaken that, while any of the Notes remain outstanding, it will:

- (a) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6(1) of the Securitisation Regulation (which does not take into account any relevant national measures);
- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the Securitisation Regulation by confirming in the Monthly Investor Reports and/or Annex XII Reports the risk retention of the Retention Holder as contemplated by Article 6(1) of the Securitisation Regulation;
- (c) not change the manner in which it retains such material net economic interest, except to the extent permitted by the Securitisation Regulation (and ensure that any such change is notified to Noteholders and disclosed in the Monthly Investor Reports and/or Annex XII Reports in accordance with the Conditions and the requirements of the Securitisation Regulation); and
- (d) not hedge, sell or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the Securitisation Regulation.

As at the Closing Date, such interest will comprise the Retention Holder holding the Class Z Notes as required by the text of Article 6(1) and in accordance with Article 6(3)(d) of the Securitisation Regulation (the **Retained Interest**).

The Retention Holder provided a corresponding undertaking with respect to the Retained Interest to the Arranger and the Lead Manager in the Subscription Agreement. See the section entitled "*Subscription and Sale*" for further information.

### **Transparency and Reporting**

#### *Designation of the Reporting Entity*

For the purposes of Article 7(2) of the Securitisation Regulation, the Originator has been appointed as the designated entity (the **Reporting Entity**) responsible for fulfilling the information requirements under Article 7 of the Securitisation Regulation. Sainsbury's Bank plc as the sponsor and the originator for the purposes of the Securitisation Regulation is responsible for compliance with Article 7 of the Securitisation Regulation. See the section entitled "*General Information*" for further information.

#### *Reporting under the Securitisation Regulation*

The Reporting Entity has undertaken to provide information to the competent authorities, to Noteholders and (upon request) potential investors as required by Article 7(1) of the Securitisation Regulation in a manner consistent with Article 7(2) of the Securitisation Regulation, the Article 7 Technical Standards and applicable national implementing measures, and provided that (i) the Reporting Entity will not be in breach of such undertaking if the Reporting Entity fails to so comply due to events, actions or circumstances beyond the

Reporting Entity's control; and (ii) the Reporting Entity is only required to do so to the extent that the disclosure requirements under Article 7 of the Securitisation Regulation remain in effect.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Offering Circular and, after the date of this Offering Circular, and to the other documents and information which will be made available to prospective investors upon request in accordance with the Securitisation Regulation.

The Reporting Entity will procure that the Servicer, will:

- (a) make available to beneficial owners of any Notes, potential investors upon request and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation (in a manner consistent with Article 7(2) of the Securitisation Regulation, the Article 7 Technical Standards and applicable national implementing measures) the following information in respect of the Portfolio:
  - (i) information to the extent required to comply with Article 7(1)(a) of the Securitisation Regulation and the Article 7 Technical Standards (including, in relation to STS Securitisations, the requirements of Article 22(5) of the Securitisation Regulation that relate to Article 7(1)(a) of the Securitisation Regulation); and
  - (ii) the Annex XII Reports which shall include information to the extent required to comply with Article 7(1)(e) of the Securitisation Regulation and the Article 7 Technical Standards (including, for the avoidance of doubt, about the risk retained by the Retention Holder and which of the modalities provided for in Article 6(3) of the Securitisation Regulation is being applied),such information and report being made available at least in the frequency and by the dates specified in the Securitisation Regulation;
- (b) publish any information required pursuant to Articles 7(1)(a) and (e) of the Securitisation Regulation on an ongoing basis simultaneously and at least in the frequency and by the dates specified in the Securitisation Regulation;
- (c) make available the documents required by Articles 7(1)(b) of the Securitisation Regulation in draft form prior to the pricing date of the Notes and in final form within 15 days of the Closing Date;
- (d) make available the STS notification required pursuant to Article 7(1)(d) of the Securitisation Regulation (and prepared in accordance with the STS Notification Technical Standards) in draft form prior to the pricing of the Notes and that the final STS notification will be notified to ESMA, FCA, PRA or other relevant UK regulator (or their successor);
- (e) publish any information required by and in accordance with Article 7(1)(f) and (g) of the Securitisation Regulation without delay and in accordance with the Article 7 Technical Standards; and
- (f) make a liability cash flow model available to investors, either directly or indirectly through one or more entities who provide such liability cash flow models to investors generally, which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer, (i) prior to pricing of the Notes, to potential investors and (ii) on an on-going basis, to investors in the Notes and to potential investors in the Notes upon request.

provided that, the Servicer shall not be in breach of its obligations in respect of paragraphs (a) to (c) above if it has done so due to events or circumstances beyond its control as a result of the UK's implementation of the Securitisation Regulation at the end of the transition period in the Brexit process.

Each of the reports, documents and other information described in paragraphs (a) to (e) above shall, until an authorised securitisation repository becomes available and is appointed, be made available to the Noteholders, relevant competent authorities and, upon request, to potential investors in the Notes online on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com) pursuant to Article 7(2) of the Securitisation Regulation at least in the frequency and by the dates specified in the Securitisation Regulation. For the avoidance of doubt, the Securitisation Repository Website and the contents thereof do not form part of this Offering Circular.

In addition, the Reporting Entity undertakes to provide information to and to comply with written confirmation requests of the authorised securitisation repository, once it is appointed, as required under the Securitisation Repository Operational Standards

### **Notes are not part of a re-securitisation**

The Notes are not part of a securitisation of one or more exposures where at least one of the underlying exposures is a securitisation position.

### **Investors to assess compliance**

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Offering Circular generally for the purposes of complying with Article 5 of the Securitisation Regulation and any corresponding national measures or applicable regulations which may be relevant to investors. None of the Issuer, the Originator, the Arranger, the Lead Manager or any of the other transaction parties makes any representation that the information described above or elsewhere in this Offering Circular is sufficient in all circumstances for such purposes.

In addition to the above, the Issuer undertakes that it will procure the provision to Noteholders of any reasonable and relevant additional data and information referred to in Article 5 of the Securitisation Regulation (subject to all applicable laws), provided that the Issuer will not be in breach of the requirements of this paragraph if, due to events, actions or circumstances beyond its control, it is not able to comply with such undertakings.

Please refer to the section entitled "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*" for further information on the implications of the Securitisation Regulation and certain other related matters.

### ***U.S. Credit Risk Retention***

The transaction is not intended to involve the retention by a sponsor of at least 5 per cent. of the credit risk of the securitised assets for the purposes of compliance with the U.S. Risk Retention Rules, but rather, to the extent required, intends to rely on an exemption for certain non-U.S. transactions provided for in Section \_\_.20 of the U.S. Risk Retention Rules. Therefore, in order to ensure that the transaction falls within this exemption, the Notes offered and sold by the Issuer may not be transferred to or purchased by, or for the account or benefit of, any "U.S. person" (as defined in the U.S. Risk Retention Rules).



## OVERVIEW OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the terms and conditions of those agreements. Prospective Noteholders may inspect a copy of each of the Trust Deed, the Agency Agreement, the Servicing Agreement, the Cash Management Agreement, the Account Bank Agreement, the Deed of Charge, the Master Definitions Agreement, the Receivables Sale Agreement, the Reserve Deposit Agreement, the Swap Agreement, the Corporate Services Agreement and the Collections Accounts Declaration of Trust upon request at the Specified Office of the Principal Paying Agent and in electronic form on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com).

### **Receivables Sale Agreement**

On the Closing Date, the Seller, the Issuer, the Servicer and the Security Trustee will enter into the Receivables Sale Agreement.

Pursuant to the Receivables Sale Agreement, the Issuer will purchase from the Seller the Purchased Receivables and the Ancillary Rights relating to such Purchased Receivables. The Receivables which are intended to be purchased by the Issuer consist of all amounts due to the Seller from Customers in respect of Underlying Agreements.

The Purchased Receivables include all amounts due under the Underlying Agreements together with the Ancillary Rights.

During the Revolving Period, the Seller may sell and assign specified Further Receivables to the Issuer on any Further Purchase Date. These Further Receivables will be specified in a Notice of Sale furnished to the Issuer and will comply in all respects with the Eligibility Criteria. Such Further Receivables will be purchased by the Issuer from Available Principal Receipts designated for that purpose in the Pre-Acceleration Principal Priority of Payments.

The Purchase Price in respect of the Initial Portfolio will comprise an amount equal to the aggregate of (i) the Initial Purchase Price and (ii) any Deferred Purchase Price. The Seller will undertake to hold on trust the Collections received in respect of each Purchased Receivable for and to the order of the Issuer from the Cut-Off Date to the Closing Date and shall transfer such Collections to the Issuer within two Business Days of the Closing Date.

The Purchase Price in respect of any Further Receivables will comprise an amount equal to the aggregate of (i) the Further Receivables Purchase Price and (ii) any Deferred Purchase Price. The Seller will undertake to hold on trust the Collections received in respect of each Purchased Receivable for and to the order of the Issuer from the Reference Date to the Further Purchase Date and shall transfer such Collections to the Issuer within two Business Days of the Further Purchase Date.

The Revolving Period, within which such Further Receivables may be sold, commences on (and includes) the Closing Date and ends on (and includes) the earlier of (i) the Revolving Period End Date and (ii) the Revolving Period Termination Date.

### ***Undertakings given by the Seller***

The Receivables Sale Agreement contains a number of undertakings by the Seller in respect of its activities relating to the Purchased Receivables. These include undertakings to refrain from conducting activities with respect to the Purchased Receivables which may adversely affect the Purchased Receivables and, in particular, not to assign or transfer the whole or any part of the Purchased Receivables to any third party, not to create or allow to be created, to arise or to exist any Encumbrance or other right in favour of any third party in respect of the Purchased Receivables between the relevant Reference Date and the date of perfection of the relevant

assignment and to transfer promptly to the Issuer all amounts received by the Seller from or in respect of the Purchased Receivables.

None of the Issuer or the Security Trustee or the Note Trustee or the Arranger has undertaken or will undertake any investigation to verify the details of the Purchased Receivables and will rely solely on the representations and warranties given by the Seller to the Issuer pursuant to the Receivables Sale Agreement.

***Representations and warranties given by the Seller***

Under the Receivables Sale Agreement, on each Purchase Date and, in respect of paragraph 2 of the Eligibility Criteria only, on each date on which a Variation is agreed by the Servicer, the Seller will make (with reference to the facts and circumstances subsisting (unless stated to the contrary below) as at the relevant Reference Date or, in respect of a Variation, as at the date of such Variation), *inter alia*, the following representations and warranties to the Issuer regarding the Purchased Receivables:

- (a) **Compliance with Eligibility Criteria:** Each Purchased Receivable, and each Underlying Agreement under which each Purchased Receivable is derived, complies in all respects with the Eligibility Criteria;
- (b) **Status:** Each Underlying Agreement was entered into on the terms of one of the Standard Documentation without material alteration or addition to the form (other than the form being completed in accordance with the Seller's policies) and no Underlying Agreement is a "modifying agreement" as defined in section 82(2) of the CCA (broadly, an agreement varying or supplementing an earlier Underlying Agreement) or a novated agreement;
- (c) **Valid and Binding:** Each Underlying Agreement: (i) is governed by English law and discloses a Customer address in England; (ii) is a legal, valid and binding obligation of the relevant Customer and subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights; (iii) complies with all legal and regulatory requirements applicable by the laws of England; (iv) is in all material respects enforceable in accordance with its terms (save for any Underlying Agreements which are enforceable only pursuant to a court order); and (v) is non-cancellable and not subject to a right to withdraw and is freely assignable by the Seller;
- (d) **No prior assignment, set-off or defence:** The Purchased Receivables are not currently subject to any defence (pre-emptory or otherwise), dispute, event, set-off, claim, counterclaim or enforcement order;
- (e) **Legal and beneficial ownership:** Immediately prior to the relevant Purchase Date, the Seller is (subject to any prior Encumbrance which has been subsequently discharged) the sole legal and beneficial owner of each Purchased Receivable and is selling each Purchased Receivable free from any Encumbrance (including rights of attaching creditors and trust interests) save as provided for in the Transaction Documents or save for any Encumbrance arising by operation of law;
- (f) **No Default:** There is no material default, breach or violation under any Underlying Agreement which has not been remedied, or of any event which, with the giving of notice and/or the making of any determination and/or the expiration of any applicable grace period, would constitute such default, breach or violation, provided that any default, breach or violation shall be material if it in any way affects the amount, collectability, validity or enforceability of the Purchased Receivables arising under the Underlying Agreement and provided further that any breach relating to non-payment shall not be material unless it would be such as would cause the relevant Purchased Receivable not to comply with the Eligibility Criteria;
- (g) **No termination:** No Underlying Agreement has been frustrated, nor has any event occurred which would make any Underlying Agreement subject to force majeure or any right of rescission, and (save

in the case of early settlement rights arising under the CCA) there is no right of entitlement for the non-payment of the full amount of any Purchased Receivable under the relevant Underlying Agreement when due;

- (h) **The Seller's Records:** The Seller (or the Seller's agents on the Seller's behalf) has maintained records relating to each Purchased Receivable and Related Underlying Agreement which are accurate and complete in all material respects and which, to the best of the knowledge, information and belief of the Seller, are sufficient to enable such Related Underlying Agreement to be enforced against the relevant Customer and such records are held by or to the order of the Seller;
- (i) **Credit and Collection Procedures:** Each Underlying Agreement (i) was originated by the Seller as sole principal and without any agent lender in the ordinary course of its business in accordance with the Servicer's Credit and Collection Procedures which are no less stringent than those applied to Underlying Agreements which will not be securitised; and (ii) is serviced in accordance with the Credit and Collection Procedures and all applicable laws;
- (j) **Waivers:** Since the origination of the Underlying Agreement there has been no waiver, variation or amendment in respect of the original terms of such Underlying Agreement which may have an adverse effect on the amount, enforceability or collectability of the relevant Purchased Receivable unless such waiver, variation or amendment was made in accordance with the Servicer's Credit and Collection Procedures (which shall be deemed to include, in respect of any COVID-19 Affected Receivables only, any grant of any waiver, variation or amendment necessary or required to be made for the sole purpose of providing for any COVID-19 Payment Holiday under and in respect of the original terms of the Underlying Agreement in relation to the COVID-19 Affected Receivables) and all applicable laws;
- (k) **Unfair terms:** None of the terms of any Underlying Agreement is unfair pursuant to the Consumer Rights Act 2015 and no injunction, interdict or other order has been granted by a court which might prevent or restrict the use or the enforcement of a particular term;
- (l) **Consumer Credit:**
  - (i) The Seller has at all material times held FCA permission or authorisation to carry on credit-related regulated activity and continues to hold and will maintain at all material times the said FCA permission or authorisation;
  - (ii) so far as the Seller is aware each person who carried on in relation to an Underlying Agreement any "credit brokerage", as defined in article 36A of the RAO, has at all material times held FCA authorisation or permission to carry on credit brokerage;
  - (iii) to the extent necessary to make such contract enforceable, each Underlying Agreement has been entered into and executed in accordance with the relevant provisions of the CCA including, without prejudice to the generality of the foregoing, those provisions governing antecedent negotiations which were conducted in such a way that the relevant Customer's stated obligations to pay thereunder are not prejudiced;
  - (iv) the Underlying Agreements have been administered and serviced in accordance with the CCA, including the form, terms and related procedures (including without limitation any pre and post contractual information requirements) of such Underlying Agreement complies in all material respects with any applicable requirements of the CCA;
- (m) **Unfair Relationship:** No Underlying Agreement, whether alone or with any related agreement, gives rise to any "unfair relationship" between the creditor and the debtor for the purposes of sections 140A to 140C of the CCA;

- (n) **Fraud or Dispute:** So far as the Seller is aware, each Underlying Agreement under which a Purchased Receivable arises has not been entered into fraudulently by the Customer in respect thereof;
- (o) **No Onerous Acts:** None of the Underlying Agreements provide for any liability on the part of the Seller to pay money or perform any other onerous act;
- (p) **Selection Procedures:** No selection procedures adverse to the Issuer have been employed by the Seller in selecting the Portfolio;
- (q) **PPI:** The Seller has not arranged any PPI Policy in relation to any Underlying Agreement and there are no claims by any Customer or third party in respect of the mis-selling of a PPI Policy in relation to any Underlying Agreement; and
- (r) **No transferable securities:** The Portfolio does not contain transferable securities as defined in part (44) of Article 4(1) of Directive 2014/65/EU, derivative instruments or securitisation positions.

Pursuant to the Receivables Sale Agreement, the Seller also represents and warrants that it has complied and is in compliance with Data Protection Legislation with respect to all processing of personal data in relation to the Purchased Receivables, and the disclosure and other processing by the Seller in connection with the performance of its obligations under the Transaction Documents to which it is a party will not breach Data Protection Legislation.

#### ***Repurchase of Non-Compliant Receivables***

Upon discovery by the Servicer or the Issuer of a material breach (as determined by the Issuer or the Servicer (acting in the interests of the Issuer)) of any of the Receivables Warranties by reference to the facts and circumstances then subsisting at the relevant date on which such Receivables Warranty was given or any breach of covenant by the Seller to not sell, assign, convey, transfer or otherwise dispose of, create any interest in or trust over, or deal with any of the Purchased Receivable or Related Underlying Agreement other than permitted by the Transaction Documents, the party discovering such breach shall give prompt written notice thereof to the Security Trustee and the Issuer and/or the Seller (as applicable). Any notice shall be deemed to have been properly delivered if contained in the Monthly Investor Report delivered in respect of the Calculation Period in which such breach was discovered. Unless such breach shall have been cured in all material respects within 30 days following the earlier of an officer of the Seller becoming aware of such default and written notice of such breach being received by the Security Trustee and the Issuer and/or the Seller (as applicable), the Seller shall, unless such Purchased Receivable did not exist as at the Closing Date (as to which, see further below), not later than the end of the Calculation Period immediately following the Calculation Period in which such breach was discovered, repurchase such Non-Compliant Receivable in accordance with the Receivables Sale Agreement for the Receivables Repurchase Price.

Where any Purchased Receivables are determined to be in breach of any Receivables Warranties made (including the Eligibility Criteria) in any material aspect by reason of an Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or FSMA or where a Related Underlying Agreement is subject to a right of set-off exercised by a Customer, the Seller will not be obliged to repurchase the relevant Receivable. The Seller shall, however, be required to pay the Compensation Payment to the Issuer by the end of the Calculation Period immediately following the Calculation Period in which such breach of Receivables Warranty was discovered or set-off right exercised by a Customer subject to receipt by the Seller of notice from the Servicer of the Compensation Amount. The **Compensation Amount** is an amount, calculated by the Servicer in accordance with the Servicing Agreement, required to compensate the Issuer for any loss arising as a result of a breach by the Servicer of the Servicing Agreement. For further information on the calculation of such Compensation Amount please see the section entitled "*Servicing Agreement*" below.

In the case of a Purchased Receivable which did not exist as at the Purchase Date, the Seller will not be obliged to repurchase the relevant Purchased Receivable but shall indemnify the Issuer and the Security Trustee against any loss and all liabilities suffered by reason of the representation or warranty being untrue or incorrect by reference to the facts subsisting on each Purchase Date. Pursuant to the terms of the Servicing Agreement, the **Receivables Indemnity Amount** shall be calculated by the Servicer as the amount equal to (i) the Outstanding Balance as at the Purchase Date of the relevant Purchased Receivables had such Purchased Receivables existed and complied with each of the Receivables Warranties as at the Closing Date (in respect of the Initial Portfolio) or the relevant Further Purchase Date (in respect of any Further Receivables) and (ii) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the weighted average interest rate of the Portfolio as determined by the Servicer at the end of the immediately preceding Calculation Period less any amounts received by the Issuer in respect of such Purchased Receivable. For further information on the calculation of such Receivables Indemnity Amount please see the section entitled "*Servicing Agreement*" below.

### ***Receivables Call Option***

Pursuant to the terms of the Receivables Sale Agreement, the Seller will be granted a Receivables Call Option, which will entitle the Seller to (prior to a Defaulted Receivable being written off as uncollectable by the Servicer in accordance with its Credit and Collection Procedures) repurchase and (if the Seller has decided to make such purchase) oblige the Issuer to sell, any Purchased Receivables which have become Defaulted Receivables or a COVID-19 Affected Receivable as specified in a notice (the **Receivables Call Option Notice**) for an amount equal to the Optional Repurchase Price on any Business Day specified in the notice (the **Receivables Call Completion Date**).

The **Optional Repurchase Price** payable by the Seller to the Issuer in consideration for the sale of the Defaulted Receivables or COVID-19 Affected Receivables specified in the relevant Receivables Call Option Notice shall be the aggregate of (i) an amount equal to the Outstanding Principal Balance of such Defaulted Receivables or a COVID-19 Affected Receivable as at the Receivables Call Completion Date plus any accrued but unpaid interest income in relation to such Defaulted Receivable or a COVID-19 Affected Receivable; and (ii) any expenses incurred by the Issuer in connection with the disposal of such Receivables.

If the Receivables Call Option is exercised the Seller is required to repurchase the relevant Defaulted Receivable or COVID-19 Affected Receivable by the end of the Calculation Period immediately following the Calculation Period in which such Receivables Call Option is exercised. Immediately following the exercise of the Receivables Call Option by the Seller and the payment of the Optional Repurchase Price, the Issuer's interest in the Defaulted Receivable or a COVID-19 Affected Receivable will pass to the Seller.

Any Collections which are received by the Issuer after the Receivables Call Completion Date in respect of any Defaulted Receivables or a COVID-19 Affected Receivable repurchased by the Seller under the Receivables Sale Agreement, shall be held by the Issuer for the benefit of the Seller and the Issuer shall pay the amount of such Collections to the Seller within ten Business Days following their identification by the Servicer.

### ***Clean up Call Option***

Pursuant to the terms of the Receivables Sale Agreement, on any Interest Payment Date on which, following application of all Available Revenue Receipts and Available Principal Receipts on such Interest Payment Date, the aggregate Principal Amount Outstanding of the Notes on such Interest Payment Date would be less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller shall be entitled (but will not be obliged), on such Interest Payment Date, to offer to repurchase the benefit of all Purchased Receivables then owned by the Issuer (**Final Receivables**) for the Final Repurchase Price. The Issuer may, in its sole discretion, accept or not accept such offer to repurchase the Final Receivables. If the Seller makes such an offer and such offer is accepted by the Issuer, the repurchase shall take place in accordance with Condition 6.2 (*Optional redemption for taxation or other reasons*).

### ***STS Call Option***

Pursuant to the terms of the Receivables Sale Agreement, the Seller may, but will not be required to, by way of notice to the Issuer and the Security Trustee, repurchase from the Issuer any Receivable sold to the Issuer pursuant to the Receivables Sale Agreement which is:

- (a) not of a type described in Article 13 of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (the **LCR Regulation**) to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions;
- (b) not of a type described in the European Central Bank's guidelines on monetary policy instruments and procedures of the Eurosystem (ECB/2011/14);
- (c) not of a type described in the Solvency II Regulation; or
- (d) not compliant with the Securitisation Regulation or Article 243 of the CRR,

(each such Receivable, a **Non-Eligible Receivable**) (the **STS Call Option**). The STS Call Option may only be exercised by the Seller and, following any Insolvency Event occurring in respect of the Seller, the STS Call Option shall lapse indefinitely.

The purchase price payable by the Seller to the Issuer in consideration for the repurchase of a Non-Eligible Receivable shall be an amount equal to the Receivables Repurchase Price.

The Issuer may at its absolute discretion accept such offer by delivering a duly signed notice and the provisions of Receivables Sale Agreement shall apply. Purchased Receivables to be repurchased as Non-Eligible Receivables will be selected on a random basis, if and to the extent applicable.

### ***Perfection Event***

On the occurrence of a Perfection Event, the Issuer (in order to perfect its title to the Purchased Receivables) will, or the Security Trustee on behalf of the Issuer may:

- (a) give notice in its own name (and/or require the Seller and/or the Servicer to give notice) to all or any of the Customers of the sale and assignment of all or any of the Purchased Receivables; and/or
- (b) direct (and/or require the Seller and/or the Servicer to direct) all or any of the Customers to pay amounts outstanding in respect of Purchased Receivables directly to the Issuer by transfer to the Transaction Account or any other account which is specified by the Issuer; and/or
- (c) give instructions (and/or require the Seller and/or the Servicer to give instructions) to make the transfers from the Collections Accounts to the Transaction Account; and/or
- (d) take such other action as it reasonably considers to be necessary, appropriate or desirable in order to recover any amount outstanding in respect of Purchased Receivables or to improve, protect, preserve or enforce its rights against the Customers in respect of Purchased Receivables.

### ***Governing Law***

The Receivables Sale Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## Servicing Agreement

On the Closing Date, the Issuer, the Servicer, the Back-Up Servicer Facilitator, the Seller and the Security Trustee will enter into the Servicing Agreement.

Pursuant to the Servicing Agreement, the Issuer has appointed Sainsbury's Bank plc as Servicer for the purposes of servicing the Purchased Receivables. Under the terms of the Servicing Agreement, the Servicer has, among other things, undertaken to perform its duties in accordance with all applicable laws and regulations and pursuant to specific instructions that, on certain conditions, it may be given by the Issuer or, as applicable, the Security Trustee, from time to time. The Servicer is permitted under the terms of the Servicing Agreement, and at its own cost and expense, to appoint or dismiss third parties to perform some or all of its obligations under the Servicing Agreement, subject to Sainsbury's Bank plc remaining liable for the actions of any such third party.

The Servicer has undertaken that it will devote to the performance of its obligations and the exercise of its discretions under the Servicing Agreement and in respect of the Purchased Receivables at least the same amount of time and attention and exercise the same level of skill, care and diligence as it would if it were administering receivables in respect of which it held the entire benefit (both legally and beneficially) and, in any event, will devote such due skill, care and diligence to the performance of its obligations and the exercise of its discretions in a manner that is consistent with practices and procedures followed by a prudent and informed servicer of similar assets, and in any event the Servicer will devote all operational resources necessary (including, without limitation, office space, facilities, equipment and staff) to fulfil its obligations under the Servicing Agreement and the other Transaction Documents to which it is a party (together, the **Servicer Standard of Care**).

The Servicer will undertake, among other things, that:

- (a) it will, in discharging its obligations and performing its functions under the Servicing Agreement, act in accordance with the Credit and Collection Procedures;
- (b) it will comply with any reasonable, proper and lawful directions, orders and instructions which the Issuer or, as applicable, the Security Trustee may from time to time give to it in connection with the performance of its obligations under the Servicing Agreement (to the extent that compliance with those directions does not conflict with any provision of the Credit and Collection Procedures, the Transaction Documents or any duties or obligations applicable to servicers generally under English law) provided that each of the parties to the Servicing Agreement acknowledge that, prior to a Servicer Termination Event, a Perfection Event or any enforcement action being taken in relation to the Charged Property, the Servicer shall act in accordance with its Credit and Collection Procedures and any such directions must be in conformity with such Credit and Collection Procedures;
- (c) it will procure that all Collections credited to the Collections Account in respect of the Purchased Receivables are transferred within two Business Days following receipt directly into the Transaction Account as cleared funds;
- (d) it will make all calculations required to be made by it under the Servicing Agreement (including calculating the Compensation Amount and the Receivables Indemnity Amount);
- (e) it will on each Business Day calculate the amount of Receipted Collections which have been paid into the Collections Accounts on that Business Days in respect of the Purchased Receivables to be paid into the Transaction Account on that Business Day and on each Collections Reconciliation Date, the amount of Actual Collections which were paid into the Collections Account during the immediately preceding Calculation Period, and in each case notify such amounts to the Cash Manager;

- (f) on or prior to each Calculation Date, it will provide information in respect of the Purchased Receivables and their performance to the Issuer and the Cash Manager to enable the Cash Manager to calculate amounts payable under the Priority of Payments and to perform its other calculation functions under the Cash Management Agreement;
- (g) it will publish on the Securitisation Repository Website ongoing information in relation to the Portfolio in accordance with the requirements of Articles 7(1)(a) and (e) (subject to Article 43(8) of the Securitisation Regulation and any published guidance of the relevant regulatory or competition authorities) of the Securitisation Regulation, and Article 22(5) of the Securitisation Regulation;
- (h) it will publish on the Securitisation Repository Website any event-based disclosure required by Articles 7(1)(f) and (g) of the Securitisation Regulation in each case as determined and provided by the Issuer (or on its behalf) or the Seller in a format acceptable to the Servicer (**SR Inside Information and Significant Event Report**);
- (i) it will publish on the Securitisation Repository Website the documents required to be published in accordance with Article 7(1)(b) and, where applicable, 7(1)(d) of the Securitisation Regulation in accordance with the requirements of Article 7 and Article 22(5) of the Securitisation Regulation;
- (j) it will notify the Issuer, the Cash Manager and the Security Trustee in writing promptly upon its becoming aware of the occurrence of any Revolving Period Termination Event, Perfection Event or Servicer Termination Event; and
- (k) subject to and in accordance with the provisions of the Servicing Agreement and the Credit and Collection Procedures, it will take all reasonable steps to recover all sums due to the Issuer in respect of the Purchased Receivables and any Ancillary Rights.

In accordance with the terms of the Servicing Agreement, the Issuer will pay to the Servicer for its services a servicing fee of 0.15 per cent. per annum of the aggregate Outstanding Principal Balances of Receivables in the Portfolio which are outstanding on the first day of the Calculation Period in which such Interest Payment Date falls (the **Servicing Fee**). The Servicing Fee will be inclusive of any amount in respect of VAT.

### ***Calculation of Compensation Amount***

The Servicer will be responsible for the calculation of the Compensation Amount pursuant to the terms of the Servicing Agreement. In calculating the Compensation Amount the Servicer has agreed to calculate the loss (if any and in each case taking into account any Recoveries received by the Issuer in respect of any such Purchased Receivables) that has arisen to the Issuer solely as a result of any Purchased Receivable or the Related Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or FSMA or as a result of the Customer exercising a right of set-off in relation to a Related Underlying Agreement. Where any Purchased Receivable or the Related Underlying Agreement has been determined illegal, invalid, non-binding or unenforceable or subject to such right to cancel or a right to withdraw under the CCA or where Customers have exercised a right of set-off in relation to a Related Underlying Agreement, the loss to the Issuer shall be calculated as being the amount which the Issuer should have received under such Purchased Receivable had the Purchased Receivable or Underlying Agreement not been so determined or subjected to set-off and on the assumption that all amounts under the Purchased Receivable and Underlying Agreement would have been paid on a timely basis in full by the Customer (and disregarding any consideration as to the creditworthiness of the Customer) and including any amounts that would have accrued to the Issuer from the date on which such Purchased Receivable or such Related Underlying Agreement was determined illegal, invalid, non-binding or unenforceable under the CCA or FSMA or the date on which Customers exercised a right of set-off in relation to a Related Underlying Agreement (for the avoidance of doubt, such calculation of loss shall take into account any amounts actually received from the relevant Customer in relation to the Related Underlying Agreement).



### ***Variations to Underlying Agreements***

Pursuant to the terms of the Servicing Agreement, Sainsbury's Bank plc has agreed that no changes shall be made to the Underlying Agreements that relate to the Purchased Receivables unless such changes are:

- (a) made in accordance with the terms of such Underlying Agreement and the Credit and Collection Procedures (such Credit and Collection Procedures shall be deemed to include, in respect of any COVID-19 Affected Receivables only, any variation or amendment necessary or required to be made to the original terms of the Underlying Agreement in relation to the COVID-19 Affected Receivables for the sole purpose of providing for any COVID-19 Payment Holiday); and
- (b) not a Non-Permitted Variation,

(such changes being **Permitted Variations**).

A **Non-Permitted Variation** is any change to an Underlying Agreement that relates to a Purchased Receivable which has the effect of:

- (a) reducing the Amount Financed;
- (b) reducing the Annual Percentage Rate;
- (c) reducing the total number of Monthly Payments; or
- (d) extending the term of the Purchased Receivable such that the last Monthly Payment Date falls after the Last Receivable Maturity Date,

but, in the case of paragraphs (a), (b) and (c) above, shall not, for the avoidance of doubt, include any action taken with respect to the Servicer's credit and arrears management process in accordance with its Credit and Collection Procedures for managing arrears in relation to Defaulted Receivables.

If Sainsbury's Bank plc agrees to any variation to an Underlying Agreement that relates to a Purchased Receivable which is a Non-Permitted Variation, the Seller must repurchase such Purchased Receivable from the Issuer on or before the end of the Calculation Period immediately following the Calculation Period in which such Non-Permitted Variation occurs. Any such repurchase by the Seller as a result of a Variation to an Underlying Agreement that relates to a Purchased Receivable which is a Non-Permitted Variation shall be made in accordance with and subject to the terms of the Receivables Sale Agreement.

### ***Changes to the Credit and Collection Procedures***

Under the Servicing Agreement the Servicer will be permitted to make changes to the Credit and Collection Procedures and to adopt additional and/or alternative policies or procedures from time to time at its discretion.

The Servicer has agreed that any changes made to the Credit and Collection Procedures and any additional and/or alternative policies or procedures may be adopted by the Servicer in relation to the Credit and Collection Procedures, provided that any such changes adopted are made in accordance with the Servicer Standard of Care and will not have a material adverse effect on the interests of the Issuer or the Most Senior Class. Any material change in the Credit and Collection Procedures of the Servicer shall be notified in writing to the Issuer, the Security Trustee, the Note Trustee and the Rating Agencies as soon as practicable after such change, and (for purposes of Article 20(10) of the Securitisation Regulation) any material changes to the underwriting standards set out in the Credit and Collection Procedures will be disclosed to investors without undue delay only to the extent required by Article 20(10) and otherwise in accordance with the securities law requirements applicable to the Notes.

### ***Cash Flow Sweeps***

Pursuant to the Servicing Agreement, the Servicer will procure that all Collections in respect of the Purchased Receivables are credited to the Collections Account.

### **Receipted Collections**

The Servicer will on each Business Day (i) determine all amounts referred to in paragraph (a) of the definition of Collections in respect of Purchased Receivables paid into the Collections Accounts on the immediately preceding Business Day (the **Receipted Collections**) (ii) transfer such collections from the Collections Accounts to the Transaction Account.

### **Monthly Reconciliation**

On or prior to the 10th Business Day of each calendar month, the Servicer will determine and notify the Cash Manager of (i) the amount of Actual Collections that were paid into the Collections Accounts during the immediately preceding Calculation Period and (ii) the aggregate amount of all Receipted Collections transferred to the Transaction Account from the Collections Account in respect of that Calculation Period.

In the event that the Actual Collections paid into the Collections Accounts during the immediately preceding Calculation Period exceed the aggregate amount of all Receipted Collections paid into the Transaction Account by the Servicer in respect of that Calculation Period, the Servicer will procure that the Seller pays within 5 Business Days a reconciliation amount (a **Collections Reconciliation Amount**) equal to the absolute value of such excess, to the Transaction Account.

In the event that the aggregate amount of all Receipted Collections paid into the Transaction Account by the Servicer in respect of that Calculation Period exceeds the Actual Collections paid into the Collections Accounts during the immediately preceding Calculation Period (the excess amount being the **Excess Collections Amount**), the Servicer will, within 5 Business Days, cause an amount equal to the absolute value of the Excess Collections Amount to be transferred from the Transaction Account to (and for the account of) the Seller (outside of any priority of payments and prior to the distribution of any amounts due to the Noteholders or the other Secured Creditors on the immediately following Interest Payment Date).

### ***Collections Accounts Declaration of Trust***

In addition, the Seller will, pursuant to the terms of the Servicing Agreement, agree to enter into the Collections Accounts Declaration of Trust pursuant to which the Seller agrees to declare a trust over and hold on trust all amounts standing to the credit of the Collections Account (the **Collections Account Trust Property**) on trust for, among others, the Issuer, certain other beneficiaries that have acquired portfolios of receivables from the Seller from time to time (such as a special purpose vehicle used for warehousing purposes and issuing vehicles in other securitisations) and itself absolutely (the **Collection Account Declaration of Trust**). The Seller shall hold upon trust the Collections Account Trust Property in the following proportions:

- (a) the Issuer share of the Collection Account Declaration of Trust shall be an amount equal to amounts from time to time standing to the credit of the Collections Account to the extent that such amounts represent payments into the Collections Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of amounts standing to the credit of the Collections Account) (the **Issuer Portion**); and
- (b) the Seller share of the Collections Accounts Declaration of Trust shall be an amount equal to all amounts from time to time standing to the credit of the Collections Account to the extent such amounts represent amounts other than the Issuer Portion or Collection Account Beneficiary Portions (the **Seller Portion**).

The Seller has agreed that the Issuer Portion will be distributed to the Issuer in accordance with the terms of the Collections Accounts Declaration of Trust and acknowledges and agrees that the Seller Portion shall be distributed to the Seller (and/or other beneficiaries of) in accordance with the terms of the Collections Accounts Declaration of Trust. The Seller will further acknowledge that it has no right at any time to pay, set-off or transfer any of the Issuer Portion in or towards satisfaction of the liabilities of the Seller.

### ***Servicer Report***

The Servicer must prepare and deliver (by uploading the Servicer Report to the website of EuroABS) to the Cash Manager, on or prior to the 8th Business Day of each month, subject to the Modified Following Business Day Convention, the Servicer Report containing all loan level data and information in respect of the Receivables in the Portfolio that is necessary for the Cash Manager to perform its obligations under the Cash Management Agreement. Upon delivery, by uploading the Servicer Report to the website of EuroABS or such online portal as the Cash Manager may nominate in writing, the Servicer must notify the Cash Manager that the Servicer Report has been uploaded as soon as reasonably practicable.

The Servicer shall provide certain loan-by-loan information in relation to the Purchased Receivables in respect of the relevant period to the Cash Manager for the purpose of preparing and compiling the Monthly Investor Report and the Annex XII Report, the latter of which is published as required by and in accordance with Article 7 of the Securitisation Regulation.

### ***Back-Up Servicer Facilitator***

Under the Servicing Agreement, following the earlier of: (a) the occurrence of a Servicer Termination Event under paragraphs (a), (b), (c) or (e); (b) the date of resignation of the Servicer in accordance with the Servicing Agreement; (c) the date on which the Servicer's authorisations and permissions required under the FSMA or any other regulatory licence or approval required with any official body thereof or any third party, in each case required for the due execution and delivery by it of the Servicing Agreement and the performance of any of the Services it is required to provide thereunder, is and/or are terminated, cancelled or revoked; or (d) the date on which it is or becomes unlawful for the Servicer to perform any of its obligations under the Transaction Documents to which it is a party or any of the Transaction Documents cease to be legal, valid, binding and enforceable obligations of the Servicer (the **Back-Up Servicer Events**), the Issuer, with the assistance of the Back-Up Servicer Facilitator, shall, within 30 days following a Back-Up Servicer Event (such 30 day period, the **Invocation Period**), use reasonable endeavours to enter into a back-up servicing agreement with a back-up servicer (the **Back-Up Servicer**) with suitable experience and credentials and in such form and on terms similar to those set out in the Servicing Agreement, taking into account the then current market conditions and subject to and in accordance with the provisions of the Servicing Agreement and on the basis that the appointment of the Back-Up Servicer commences immediately after the expiry of the 30 day Invocation Period, provided that there exists an eligible participant willing and able to assume the role of back-up servicer and to enter into a back-up servicing agreement within the required time period.

If a Back-Up Servicer Event pursuant to paragraph (c) is remedied to the satisfaction of the Security Trustee prior to the end of the Invocation Period, the appointment of the Back-Up Servicer will not be required and any actions relating to the appointment of the Back-Up Servicer shall terminate or any back-up servicing agreement which has been agreed or entered into by the Issuer and the Security Trustee will be terminated.

If a Back-Up Servicer cannot be appointed within 30 days following a Back-Up Servicer Event then the Issuer, with the assistance of the Back-Up Servicer Facilitator, shall use all reasonable endeavours to enter into a back-up servicing agreement with a Back-Up Servicer as soon as possible thereafter.

### ***Termination of appointment of Servicer***

If a Servicer Termination Event occurs, the Issuer (prior to the delivery of a Note Acceleration Notice or notice that the Security Trustee has taken any action to enforce the Security) with the written consent of the Security

Trustee, or the Security Trustee itself (after delivery of a Note Acceleration Notice or notice that the Security Trustee has taken any action to enforce the Security) may, at any time, while such default is continuing, terminate the appointment of the Servicer under the Servicing Agreement by providing a notice of termination to the Servicer to the Seller and the Security Trustee (with a copy to the Cash Manager and the Rating Agencies) with effect from a date specified in the notice of termination, provided that a successor servicer has been appointed by the entry of the successor servicer, the Issuer and the Security Trustee into a replacement servicing agreement.

An entity may only be appointed as successor servicer if certain conditions are fulfilled, including:

- (a) it has experience of administering receivables reasonably similar to the Purchased Receivables being administered by the Servicer in the United Kingdom or is able to demonstrate that it has the capability to administer receivables reasonably similar to the Purchased Receivables being administered by the Servicer in the United Kingdom;
- (b) it is willing to enter into an agreement with the Issuer and the Security Trustee which provides for the successor servicer to be remunerated at such a rate as is agreed by the Issuer but which does not exceed the rate then commonly charged by providers of services of the kind described in the Servicing Agreement and required by the Servicing Agreement to be provided by the Servicer and is otherwise on substantially the same terms as those of the Servicing Agreement;
- (c) the Rating Agencies are notified of such identification and intended appointment and have indicated that such appointment would not result in the reduction, qualification or withdrawal of the then current ratings of the Class A Notes.

The Servicer may also resign its appointment on not less than 12 months' written notice to the Issuer, the Seller and the Security Trustee (with a copy being sent to the Cash Manager and the Rating Agencies) provided that such resignation shall not take effect until the Issuer and the Security Trustee consent in writing to such resignation and a Back-Up Servicer has been appointed as the successor servicer has been appointed on terms substantially similar to the existing Servicing Agreement, taking into account the then current market conditions.

The Servicer has undertaken to indemnify the Issuer and the Security Trustee against any Loss incurred by any such party as a result of any fraud, gross negligence or wilful default by the Servicer or any third party agent of the Servicer in performing any obligation under the Servicing Agreement. For the avoidance of doubt, the Servicer shall not be liable for any Loss suffered or incurred by the Issuer or the Security Trustee save where such Loss is suffered or incurred as a result of any gross negligence, fraud or wilful default of the Servicer. The Issuer has undertaken to indemnify the Servicer against any Losses which it may incur in performing any obligations under the Servicing Agreement or the other Transaction Documents.

### ***Governing Law***

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

### **Account Bank Agreement**

Pursuant to the terms of the Account Bank Agreement to be entered into on the Closing Date between the Issuer, the Account Bank, the Cash Manager, the Servicer and the Security Trustee, the Issuer will agree to maintain the Transaction Account (together with any additional bank accounts) and the Swap Collateral Account in its name with the Account Bank.

Monies standing to the credit of the Transaction Account representing Available Revenue Receipts will be applied by the Cash Manager on each Interest Payment Date in accordance with the Pre-Acceleration Revenue

Priority of Payments. Monies standing to the credit of the Swap Collateral Account will be applied by the Cash Manager on each Interest Payment Date in accordance with the Cash Management Agreement.

If the Account Bank ceases to have all of the following ratings (the **Account Bank Ratings**):

- (a) short-term, unsecured, unguaranteed and unsubordinated debt obligations rating of at least "P-1" by Moody's and "F1" by Fitch; or
- (b) long-term bank deposits rating of at least "A3" by Moody's and "A" by Fitch ' or

or, alternatively, in each case, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes then one of the following will occur:

- the Transaction Account or the Swap Collateral Account may be closed by the Issuer and all amounts standing to the credit thereof shall be transferred by, or on behalf of, the Issuer within 30 days to accounts held with a financial institution: (i) which has all the Account Bank Ratings; and (ii) which is a bank as defined in Section 991 of the Income Tax Act 2007 and which is situated in a Member State of the European Union, and authorised as a credit institution by a competent authority in a Member State of the European Union, for the purposes of the Credit Institutions Directive; or
- within 30 days, the Issuer obtains a guarantee in support of its obligations under the Account Bank Agreement from a financial institution which has all the Account Bank Ratings; or
- within 30 days, a Rating Agency Confirmation will be obtained or the Issuer will take such other actions as may be reasonably requested by the parties to the Account Bank Agreement (other than the Security Trustee) to ensure that the rating of the Class A Notes immediately prior to the Account Bank ceasing to have all of the Account Bank Ratings are not adversely affected by the Account Bank ceasing to have all of the Account Bank Ratings.

If the Issuer fails to take such action within the required time, then the Issuer shall (with the prior written notice to the Security Trustee) terminate the Account Bank Agreement with respect to the Account Bank in respect of the relevant Issuer Bank Account and close the Issuer Bank Accounts by written notice (with a copy to the Cash Manager and the Security Trustee) subject to a replacement financial institution having been appointed which has all of the Account Bank Ratings.

The Account Bank Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

### **Agency Agreement**

On or prior to the Closing Date, the Issuer, the Note Trustee, the Principal Paying Agent, the Security Trustee, the Cash Manager, the Account Bank and the Agent Bank will enter into an agency agreement (the **Agency Agreement**) pursuant to which provision will be made for, among other things, payment of principal and interest in respect of the Notes.

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English Law.

### **Cash Management Agreement**

The Issuer, the Cash Manager, the Servicer and the Security Trustee will, on or before the Closing Date, enter into the Cash Management Agreement pursuant to which Citibank N.A., London Branch will be appointed to act as the Cash Manager in respect of amounts standing from time to time to the credit of the Issuer Bank

Accounts and arrange for payments to be made on behalf of the Issuer from such accounts in accordance with the Priority of Payments.

### ***Cash Management Services***

The Cash Manager is required to manage the operation of the Issuer Bank Accounts, and in each case give instructions to the Account Bank to enable it to perform its obligations. The Cash Manager will also perform certain calculations required under the Transaction Documents necessary for the determination and payment of the various cash flows and shall be responsible for applying such payments in accordance with the Priority of Payments and the Transaction Documents.

Pursuant to the Cash Management Agreement, the Cash Manager will provide, *inter alia*, the following cash management services to the Issuer:

- (a) determining such amounts as are expressed to be calculations and determinations made by the Cash Manager in accordance with the Conditions of the Notes; and
- (b) applying Available Revenue Receipts and Available Principal Receipts in accordance with the applicable Priority of Payments set out in the Cash Management Agreement or, as applicable, the Deed of Charge.

The Cash Manager will maintain the following ledgers on the Transaction Account:

- (a) the **Revenue Deficiency Ledger**, which shall record Revenue Deficiencies in respect of an Interest Payment Date;
- (b) the **Liquidity Reserve Ledger**, which records all payments to and withdrawals from the Liquidity Reserve;
- (c) the **General Reserve Ledger**, which records all payments to and withdrawals from the General Reserve;
- (d) the **Issuer Retained Profit Ledger**, which shall record as a credit all amounts retained as Issuer Profit Amount in accordance with item (f) of the Pre-Acceleration Revenue Priority of Payments or item (i) of the Post-Acceleration Priority of Payments, as the case may be;
- (e) the **Interest Rate Swap Ledger**, which shall record all payments made between the Issuer and the Swap Counterparty;
- (f) the **Reinvestment Ledger**, which shall record as a credit on each Interest Payment Date falling in the Revolving Period all Available Principal Receipts not applied by the Issuer on an Interest Payment Date to purchase Further Receivables only in accordance with the Pre-Acceleration Principal Priority of Payments and shall record as a debit on any Business Day (that is not an Interest Payment Date) any amounts standing to the credit of the Reinvestment Ledger applied to purchase Further Receivables on a Further Purchase Date; and
- (g) the **Principal Deficiency Ledger** (and sub-ledgers), which shall record as a debit all principal deficiencies arising in respect of the Purchased Receivables and/or the application of any Available Principal Receipts to meet a Remaining Revenue Deficiency and record as a credit on each Interest Payment Date all surplus Available Revenue Receipts to be applied as Available Principal Receipts in accordance with items (i) and (l) of the Pre-Acceleration Revenue Priority of Payments.

See further the section entitled "*Cash Management*".

Under the terms of the Cash Management Agreement, prior to the service of a Note Acceleration Notice, the following withdrawals and corresponding payments will be permitted to be made by the Cash Manager (as directed by the Seller in respect of paragraphs (a) to (d) and (f) below and notified to the Issuer and the Cash Manager) on any Business Day, the amounts applied from time to time during the immediately preceding Calculation Period in accordance with the Cash Management Agreement in making payment of certain monies which properly belong to third parties (including the Seller) (**Permitted Withdrawals**) such as (but not limited to):

- (a) Excess Recoveries Amounts;
- (b) Excess Collections Amounts;
- (c) certain costs and expenses charged by the Servicer in respect of its servicing of the Underlying Agreements in accordance with the Servicing Agreement, other than any Servicing Fee and not otherwise covered by the paragraphs below;
- (d) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited;
- (e) to the extent not covered by item (d) of the Pre-Acceleration Revenue Priority of Payments, any tax payments paid or payable by the Issuer during the immediately preceding Calculation Period to the extent not funded from amounts standing to the credit of the Issuer Retained Profit Ledger; and
- (f) Excess Amounts,

in the case of (b) above, to the extent not previously deducted from Collections and provided that any such withdrawals shall (i) in any Calculation Period only be made up to the maximum amount equal to the Available Revenue Receipts received in such Calculation Period, (ii) be deemed to be made prior to the administration of the applicable Priority of Payments and (iii) shall not be included as Available Revenue Receipts.

In return for the services provided, the Cash Manager will receive a fee (exclusive of VAT, if any) paid monthly in arrear in accordance with the applicable Priority of Payments.

### ***Monthly Investor Report***

The Cash Manager will prepare and complete the Monthly Investor Report following receipt of the Servicer Report prepared by the Servicer and provide a copy of the draft report to the Servicer. The Servicer shall provide its approval of such report by no later than close of business four Business Days prior to an Interest Payment Date and, following such approval, the Cash Manager shall complete the Monthly Investor Report and make such report available, no later than three Business Days prior to an Interest Payment Date through its website to the Issuer, the Security Trustee, the Principal Paying Agent, the Servicer, the Seller, the Arranger and Lead Manager, the Rating Agencies, the Swap Counterparty and any other party as the Issuer may direct.

The Monthly Investor Report will contain information with regard to the Purchased Receivables, including, among other things, the following information in respect of the Purchased Receivables: (i) the number of the Related Underlying Agreements; (ii) distribution by remaining term; (iii) statistics on prepayments and Defaulted Receivables; (iv) details relating to repurchases of Purchased Receivables by the Seller pursuant to the terms of the Receivables Sale Agreement; and (v) details (provided, where relevant, by the Cash Manager) with respect to the rates of interest, Note principal and interest payments and other payments made by the Issuer.

On behalf of the Issuer and in consultation with the Servicer, the Cash Manager shall also compile a report in the form designated as Annex XII in the Article 7 Technical Standards (and published on the website

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2020:289:FULL&from=EN>) (Annex XII Report) and make such report available through its website.

The Cash Manager shall provide the Servicer with the information required to complete the “Tranche/bond-level information section” and the “Account-level information section” as referred to in Annex XIV published on the website <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2020:289:FULL&from=EN> to assist the Corporate Services Provider in compiling the SR Inside Information and Significant Event Report (as defined in the Servicing Agreement) and, following receipt of the loan level reporting data (the BoE Data) from the Servicer, also publish the BoE Data on its website.

### ***Authorised Investments***

The Issuer has instructed the Cash Manager to invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments subject to, *inter alia*, the following provisions:

- (a) the Cash Manager having received confirmation from the Issuer of the availability of an investment which meets the Authorised Investments criteria;
- (b) such Authorised Investment shall be made in the name of the Issuer;
- (c) any costs properly incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and
- (d) all income and other distributions arising on, or proceeds following, the disposal on maturity of Authorised Investments shall be credited to the Transaction Account.

### ***Termination of appointment of Cash Manager***

The Issuer may terminate the appointment of the Cash Manager under the Cash Management Agreement upon the occurrence of a Cash Manager Termination Event. A **Cash Manager Termination Event** means the occurrence of any one of the following events:

- (a) an Insolvency Event occurs in relation to the Cash Manager;
- (b) the Cash Manager fails to give any payment instruction required to be given (provided that in each case there are available funds standing to the credit of the relevant Issuer Bank Account) under the Cash Management Agreement and such default remains unremedied for a period of five Business Days after the earlier to occur of: (I) the Cash Manager becoming aware of such non-compliance and (II) written notice of such non-compliance being received by the Cash Manager; or
- (c) such entity fails to perform or observe any of its material duties, obligations, covenants or services under the Cash Management Agreement and such non-compliance continues unremedied for a period of ten days after the earlier of (I) the Cash Manager becoming aware of such default or (II) receipt by the Cash Manager of notice from the Issuer or the Security Trustee requiring the same to be remedied; or
- (d) it is or becomes unlawful for the Cash Manager to perform or comply with any of the obligations under the Cash Management Agreement.

If the appointment of the Cash Manager is terminated, the Issuer shall as soon as reasonably possible and, in any event, within 90 days appoint a new cash manager (the **Replacement Cash Manager**) provided that no



termination or resignation will be effective until the Issuer has appointed the Replacement Cash Manager. In accordance with the terms of the Cash Management Agreement any Replacement Cash Manager, must:

- (a) in the reasonable opinion of the Issuer have experience of cash management in relation to consumer loan agreements in England; and
- (b) enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the existing Cash Management Agreement, taking into consideration market conditions at the time and at fees which are, in the opinion of the Issuer, consistent with those payable generally at the relevant time for the provision of consumer loan services (the **Replacement Cash Management Agreement**).

The Security Trustee shall give its consent to the appointment of the Replacement Cash Manager, where the Replacement Cash Manager satisfies the criteria set out in paragraphs (a) and (b) above.

The Cash Manager may also resign its appointment on no less than 90 days' written notice to the Issuer, the Seller, the Servicer and the Security Trustee with a copy being sent to the Rating Agencies provided that such resignation shall not take effect unless the Issuer has appointed the Replacement Cash Manager.

Where no suitable entity is found that satisfies the criteria set out above, the Security Trustee, the Issuer and the Servicer shall consent to the appointment of an entity as Replacement Cash Manager (such consent not to be unreasonably withheld) where the Security Trustee has been directed to do so by the Note Trustee, who in turn has been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

The Cash Manager has undertaken to indemnify the Issuer against any loss incurred by any such party as a direct result of any fraud, gross negligence or wilful default by the Cash Manager in performing any obligation under the Cash Management Agreement and under the other Transaction Documents to which the Cash Manager is a party (in its capacity as such). In addition, pursuant to the terms of the Cash Management Agreement, the Security Trustee shall not be responsible or have any liability if a Replacement Cash Manager cannot be found or appointed in accordance with the terms of the Cash Management Agreement.

In accordance with the terms of the Cash Management Agreement, the Issuer will pay to the Cash Manager for its services a cash management fee as set out in a fee letter dated on or about the Closing Date between, *inter alios*, the Issuer and the Cash Manager (the **Cash Management Fee**). The Cash Management Fee will be exclusive of any amount in respect of VAT.

### ***Governing Law***

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **Swap Agreement**

On or prior to the Closing Date, the Issuer will enter into fixed/floating interest rate swap transactions with the Swap Counterparty, under an International Swaps and Derivatives Association Inc. 1992 Master Agreement, in order to address certain risks arising as a result of the interest rate mismatch between the fixed rate of interest payable under the Underlying Agreements (and therefore received by the Issuer in respect of the Purchased Receivables) and the floating rate of interest payable by the Issuer under the Class A Notes.

For a more detailed description of the terms of the Swap Agreement, see the section entitled "*Credit Structure, Liquidity and Hedging*".

Each Swap Agreement and any non-contractual obligations arising out of or in connection therewith shall be governed by English law.

## **Trust Deed**

The Notes will be constituted pursuant to the Trust Deed to be entered into on the Closing Date between the Issuer and the Note Trustee.

Citicorp Trustee Company Limited will agree to act as Note Trustee subject to the conditions contained in the Trust Deed. The Trust Deed will contain provisions requiring the Note Trustee to have regard to the interests of the holders of all Classes of Notes issued by the Issuer unless in the Note Trustee's opinion there is a conflict between the interests of the holders of the different Classes of Notes, in which case the Note Trustee will be required to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

The Trust Deed will contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and providing for its indemnification in certain circumstances.

The Noteholders holding the Most Senior Class of Notes may by Extraordinary Resolution remove the Note Trustee by giving not less than 60 days' prior written notice to the Issuer and the Note Trustee provided a replacement is appointed pursuant to the Trust Deed.

In addition, the Note Trustee shall then only be bound to take any action at the direction of the Noteholders if it shall be indemnified and/or pre-funded and/or secured to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing. Under no circumstances is the Note Trustee required to use its own funds in relation to expenses incurred in connection with the Trust Deed.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed (and as amended from time to time) between the Issuer and the Note Trustee together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under the Trust Deed.

The terms and conditions of the Notes, including a summary of the provisions regarding Meetings of the Noteholders, are reproduced in full in the section entitled "*Terms and Conditions of the Notes*".

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## **Deed of Charge**

On the Closing Date, the Issuer, the Security Trustee, the Note Trustee and the Secured Creditors among others will enter into the Deed of Charge.

## ***Security***

Pursuant to the Deed of Charge, to secure the Secured Liabilities, the Issuer will create security in favour of the Security Trustee for it and the other Secured Creditors as follows:

- (a) a charge by way of first fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in, to, under and pursuant to the Purchased Receivables and their Ancillary Rights, in and to all monies, rights, powers and property distributed or derived from, or accrued in or related to the Issuer's interest in the Purchased Receivables, and all of its powers relative thereto;
- (b) an assignment by way of security of (or, to the extent not assignable, charges by way of a first fixed charge over) the benefit of the Issuer's right, title, benefit and interest, present and future, in the Charged Documents;

- (c) a first fixed charge over all of the Issuer's right, title, benefit and interest, present and future, in the property held in the Collections Accounts Declaration of Trust;
- (d) an assignment by way of security of (or, to the extent not assignable, charges by way of a first fixed charge over) the Issuer's rights in respect of any amount standing from time to time to the credit of the Issuer Bank Accounts, all interest paid or payable in relation to those amounts and the debts represented thereby (which, in the case of a fixed charge, may take effect as a floating charge and so rank behind the claims of any preferential creditors of the Issuer);
- (e) a first floating charge over all of the present and future property, assets and undertakings of the Issuer not subject to the fixed charges or assignments by way of security described above; and
- (f) a first fixed charge over all of the Issuer's rights in respect of (i) the Authorised Investments made or purchased from time to time by or on behalf of the Issuer (whether owned by the Issuer or held by any nominee on the Issuer's behalf) and (ii) all interest, monies and proceeds paid or payable in relation to those Authorised Investments,

together, the **Charged Property**.

The Security Trustee will hold the benefit of the Charged Property, together with the covenants and undertakings given to it as Security Trustee under the Transaction Documents, on trust for the Secured Creditors to secure the Secured Liabilities.

Notwithstanding the security granted over the Issuer Bank Accounts, the Issuer and the Cash Manager are (prior to service of a Note Acceleration Notice) permitted to make payments out of such accounts for the purposes, among other things, of making payments and transfers in accordance with the Deed of Charge, the Cash Management Agreement and the Agency Agreement, and, prior to service of a Note Acceleration Notice, to make payments to third parties when these fall due. See further the section entitled "*Risk Factors – Fixed charges may take effect under English law as floating charges*".

### ***Rights over the Proceeds***

In the event that the security over the Charged Property becomes enforceable, the Issuer has granted the Security Trustee the right to direct the Issuer as to how to deal with the Charged Property.

The Secured Creditors will have no right of set-off.

### ***Priority of Payments***

The Priority of Payments, indicating the order in which payments should be made from funds available to the Issuer, are set out in full in the Cash Management Agreement and the Deed of Charge. Prior to service of a Note Acceleration Notice, Available Revenue Receipts are used in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts are used in accordance with the Pre-Acceleration Principal Priority of Payments. Following the service of a Note Acceleration Notice, the Post-Acceleration Priority of Payments will apply.

### ***No other Enforcement Rights***

Under the terms of the Deed of Charge, the Issuer will undertake, following the occurrence of an Event of Default, to comply with all directions of the Security Trustee in relation to the management and administration of the Charged Property. The Issuer will also grant irrevocable powers of attorney under English law in favour of the Security Trustee to empower the Security Trustee to take such action in the name of the Issuer as the Security Trustee may deem necessary to protect the interests of Secured Creditors in respect of the Charged Property.

At any time after the Notes shall have become due and repayable and the Security therefor shall have become enforceable, no Noteholder or any other Secured Creditor will be entitled to proceed directly against the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer. The Note Trustee will not be able to direct the Security Trustee to enforce the Security at the request of any Secured Creditor other than the Noteholders, pursuant to a request in writing from the holders of at least one-fifth in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or an Extraordinary Resolution of the Most Senior Class of Notes.

The Notes are limited recourse obligations of the Issuer and, if, after the distribution of all the Issuer's assets, there are amounts that are not paid in full, any amounts outstanding will be deemed to be discharged in full and any payment rights are deemed to cease as described in more detail in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*).

### ***Governing Law***

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **Corporate Services Agreement**

On the Closing Date, the Issuer, Holdings and the Share Trustee will enter into the Corporate Services Agreement with the Corporate Services Provider under which the Corporate Services Provider will agree to provide certain corporate administration services to the Issuer and Holdings. In return for the services provided, the Corporate Services Provider will receive a fee (exclusive of VAT, if any) paid monthly in arrear in accordance with the relevant Priority of Payments.

The Corporate Services Provider may resign its appointment upon not less than 30 days' written notice to each of the parties to the Corporate Services Agreement, provided that:

- (a) if such resignation would otherwise take effect less than 30 days before or after the Final Maturity Date or any other date for redemption of the Notes or any Interest Payment Date in relation to the Notes, it shall not take effect until the 30th day following such date; and
- (b) no resignation by or termination or revocation of the appointment of the Corporate Services Provider shall take effect until a successor has been duly appointed in accordance with the Corporate Services Agreement.

The Issuer or Holdings may (with the prior written approval of the Security Trustee) revoke its appointment of the Corporate Services Provider by not less than 30 days' notice to the Corporate Services Provider (with a copy to the Security Trustee).

In addition, the appointment of the Corporate Services Provider shall terminate forthwith if:

- (a) in the reasonable opinion of the Issuer or Holdings, the Corporate Services Provider becomes incapable of acting;
- (b) a default is made by the Corporate Services Provider in the performance or observance of any of its covenants and obligations under the Corporate Services Agreement; or
- (c) an Insolvency Event occurs in relation to the Corporate Services Provider.

If the appointment of the Corporate Services Provider is terminated, the Issuer or Holdings undertakes that it will forthwith appoint a successor provided that the Servicer certifies that in its opinion such appointment will not affect the ratings of the Class A Notes.

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **Reserve Deposit Agreement**

Sainsbury's Bank plc as Liquidity Reserve Provider will make available to the Issuer under the Reserve Deposit Agreement the Liquidity Reserve Proceeds which will be advanced to the Issuer on the Closing Date.

The Reserve Proceeds will be an amount equal to 1.25 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date and shall be used to establish the Liquidity Reserve on the Closing Date.

The Issuer's obligations under the Reserve Deposit Agreement will be secured by the Deed of Charge.

The Reserve Deposit Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

For further information on the Liquidity Reserve and the General Reserve, see the section entitled "*Credit Structure, Liquidity and Hedging*".

### **Collections Accounts Declaration of Trust**

The Seller has, pursuant to a declaration of trust entered into on the Closing Date (the **Collections Accounts Declaration of Trust**), agreed to hold all amounts standing to the credit of the Collections Account on trust. The Seller shall hold all amounts standing to the credit of the Collections Accounts in the name of the Seller on trust for the Issuer and itself (the **Seller Trust**).

The Issuer's share of the Seller Trust shall be an amount equal to all amounts from time to time standing to the credit of the relevant Collections Account forming part of the Seller Trust to the extent that such amounts represent payments into the Collections Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of other amounts standing to the credit of the Collections Account) (the **Issuer Share**).

The Seller's share of the Seller Trust shall be an amount equal to all amounts from time to time standing to the credit of the Collections Account other than any amounts representing the Issuer Share and any new beneficiary's share.

The Issuer Share will be distributed to the Issuer in accordance with the terms of the Collections Accounts Declaration of Trust and the Seller Share shall be distributed to the other beneficiaries of the Collections Accounts Declaration of Trust in accordance with the terms of the Collections Accounts Declaration of Trust.

The Seller further acknowledges that it has no right at any time to pay, set off or transfer any of the Issuer Share in or towards satisfaction of the liabilities of the Seller and that it shall hold such money as trustee for the Issuer and shall only be entitled to deal with the Issuer Share in accordance with the terms of the Servicing Agreement, the Collections Accounts Declaration of Trust and the other Transaction Documents.

The Seller undertakes to execute (and to use reasonable endeavours to ensure that the relevant Collections Account Bank executes) a bank account notice acknowledging, among other things, that the Collections Accounts are trust accounts and waiving all rights to perform any set-off or to combine accounts.

## **USE OF PROCEEDS**

The proceeds from the issue of the Class A Notes will be £500,000,000 and the proceeds from the issue of the Class Z Notes will be £225,000,000.

On the Closing Date, the Issuer will pay to the Seller the Initial Purchase Price calculated on or around the Closing Date for the Initial Portfolio on the Closing Date. The Seller will undertake to hold on trust the Collections received in respect of each Purchased Receivable for and to the order of the Issuer from the Cut-Off Date to the Closing Date and shall transfer such Collections to the Issuer within two Business Days of the Closing Date.

The Reserve Proceeds advanced under the Reserve Deposit Agreement will be deposited in the Transaction Account and used to establish the Liquidity Reserve in an amount equal to or greater than the Liquidity Reserve Required Amount as at the Closing Date.

## CHARACTERISTICS OF THE PORTFOLIO

Information contained in this section is based on the Portfolio as at the Cut-off Date.

The Purchased Receivables which comprise the Portfolio will be purchased by the Issuer from the Seller pursuant to the terms of the Receivables Sale Agreement to be entered into on the Closing Date.

The Initial Portfolio comprises Receivables originated by the Seller in the ordinary course of its business pursuant to underwriting standards which are no less stringent than those applied to Receivables which will not be transferred to the Issuer and purchased by the Issuer on the Closing Date. During the Revolving Period, Further Receivables may be purchased by the Issuer and added to the Portfolio on Further Purchase Dates. Such Further Receivables will be originated in full compliance with the Eligibility Criteria set out in the section entitled "*Eligibility Criteria*" below and paid for by the Issuer from Available Principal Receipts and funds credited to the Reinvestment Ledger.

All Receivables in the Portfolio are derived from Underlying Agreements.

### The Receivables – General

#### Products

The Originator provides only one loan product to Customers, being an unsecured fixed rate personal loan product (each an **Unsecured Personal Loan**), details of which are provided below. The Receivables arise under the Unsecured Personal Loans.

Customers must be at least 18 years and less than 80 years of age at the time of application for an Unsecured Personal Loan, with the maturity date of the Loan falling prior to the Customer's 83rd birthday.

#### Characteristics of the loans

##### 1. CURRENCY

All the loans are made in Sterling.

##### 2. REPAYMENTS

All payments are made in Sterling and most payments are made by a monthly direct debit instruction through the UK direct debit system from another bank or building society account.

Early repayment – Unsecured Personal Loans

Consumers have 14 days, beginning on the day after the day loan is advanced, to exercise their statutory right of withdrawal under s66A of the Consumer Credit Act 1974. The effect of this is that the agreement is treated as never having been entered into. The customer then has up to 30 calendar days to repay both the capital plus interest accrued on it (charged at a daily rate until settlement), however the Seller does not charge any interest if the customer repays within 30 calendar days. Outside of this period, under section 94 of the Consumer Credit Act 1974, the customer has a right to repay the loan in full or in part, section 95 of the Consumer Credit Act 1974 provides that where a customer settles early under section 94 of the Consumer Credit Act 1974, they may be entitled to a rebate calculated in accordance with the statutory formula set out in the Consumer Credit (Early Settlement) Regulations 2004. However as interest on the loans is calculated daily and applied monthly arrears, no rebate under section 95 of the Consumer Credit Act 1974 would be payable.

### 3. INTEREST

The interest rate on Unsecured Personal Loans is fixed for the entire duration of the loan period, accrues on a daily basis and will not change after the loan has been granted.

### 4. LOAN VALUES

The following table sets out details of the minimum and maximum loan values.

Product	Minimum loan value	Maximum loan value
Unsecured Personal Loans	£1,000	£40,000

### 5. MATURITY

The minimum and maximum terms of each product are detailed below.

Product	Minimum loan term	Maximum loan term
Unsecured Personal Loans	12 months	84 months

### 6. EXTENSIONS AND FURTHER ADVANCES

Customers have the right to apply for the maturity of the Unsecured Personal Loan to which they are party to be extended, subject to any Unsecured Personal Loan having a maximum term of 12 years.

The Customer must be able to meet the newly scheduled payments for two months in order to comply with affordability parameters. Any such extension has the effect of reducing the amount of the monthly payment with such Customer is obliged to pay to the Originator, from the date on which any such extension takes effect. The application for credit is based on the loan amount requested and as such is a contained amount and cannot be extended. Further advances on the Unsecured Personal Loan are not possible.

### 7. FEES AND COSTS

No fees are charged for the granting of any of the above loans prior to a default by the applicable Customer. A late payment fee of £25 is charged each time a customer's loan account falls into arrears.

### 8. GOVERNING LAW

The Underlying Agreements in the Portfolio are all governed by and construed in accordance with English Law.

#### Underwriting Criteria

Prior to providing a loan, the applicant must apply for the loan and comply with the Originator's underwriting criteria. The criteria are summarised in the below table:

Underwriting Criteria	Unsecured Personal Loan
Residence	Applicant must have a permanent UK address
Minimum Age	18 years
Maximum Age	83 years (at the end of term)
Maximum duration	7 years
Minimum income	Gross annual income of over £7,500 (excluding benefits)



DTI/Indebtedness Index	<p>The following criteria result into automatic decline:</p> <ul style="list-style-type: none"> <li>• Total unsecured debt to income ratio is greater than or equal to 100%</li> <li>• Total unsecured debt and defaults are greater than or equal to £60,000</li> <li>• Revolving unsecured debt is greater than or equal to £25,000</li> <li>• Ratio of revolving debt to income is greater than or equal to 75%</li> <li>• Experian Consumer Indebtedness Index is greater than 30</li> </ul> <p>The Originator will consider applications which do not fall within the above-listed criteria by appeal only. In those circumstances, the underwriter will review the applicable Customer's profile and behaviour, together with any additional information provided with the appeal letter. A lending request shall be granted in exceptional circumstances only where the applicable lending is deemed responsible and the Customer can demonstrate affordability.</p>
Maximum New Product Lend	£40,000
Maximum consolidated lend at Customer level	£40,000
Maximum Contracts	One
Employment Types Excluded	<p>Unemployed, student and retired applicants may apply provided that (i) in the case of unemployed and student applicants, applications are not in their sole name but constitute a joint application with an individual who is either employed or who is retired with an income above a minimum threshold; or (ii) in the case of retired applicants, they have a gross annual income of over £7,500 (excluding benefits) and meet the other age-related parameters mentioned above.</p> <p>Under normal circumstances self-employed applicants cannot apply for an Unsecured Personal Loan over £25,000 or with a term of more than 5 years. During the period in which the global COVID-19 pandemic has been prevalent, the restriction on self-employed applicants has been tightened such that they can no longer apply for an Unsecured Personal Loan in their sole name but can form part of a joint application with an individual who is either employed or who is retired with an income above a minimum threshold.</p>
Fraud Tools	Hunter, CIFAS, Detect, Threatmetrix
Bureau data	<p>Customers are declined where bureau information shows:</p> <ul style="list-style-type: none"> <li>• a history of bankruptcy in the last 6 years;</li> <li>• county court judgments of £5,000 in the last 6 years or £100 in the last 3 years;</li> <li>• defaults of more than £4,000 in last 6 years or £100 in the last 3 years;</li> <li>• arrears present of more than £100 in the last 12 months.</li> </ul> <p>Bureau data is also used in connection with, among other things, scorecards, affordability models, indebtedness criteria and other policy rules.</p>
Types of Scorecard	<p>An application scorecard includes applicant and bureaux data. Experian data is used for all applicants, and additional characteristics</p>

are included, using Transunion data for a subset. Applications which are below a designated cut-off score are declined. There are six cut-off segments determined by Nectar/non-Nectar applications and 3 splits relating to the term of the Loan (less than or equal to 36 months, 37 to 60 months and greater than 60 months).

The short term scorecard uses Experian bureaux and Detect data. A single cut-off score is applied and applications below that cut-off score are declined.

The third party fraud scorecard uses Experian bureau, Authenticate and applicant data and is used in the fraud referral strategy.

## **Underwriting Procedure**

The Originator adopts a comprehensive risk appetite framework in order to provide a structured approach to the management, measurement and control of risk. The risk appetite framework is defined as part of corporate strategy and reviewed on an annual basis. It sets out the overall approach, including governance, policies, processes, controls, and systems through which risk appetite is embedded, communicated, and monitored within the business.

Within the risk appetite framework, credit risk is assessed and quantified relative to expected and observed business performance in order to calibrate optimal risk-return profile(s). Key measurements of business performance (e.g. percentage return on asset, cost of risk percentage, marginal bad debt rate percentage, etc.) are set and embedded into strategy setting methodology and monitored relative to the business plan.

A suite of new business and account management performance (e.g. new business predicted bad rate percentage, 2 or more payments in arrears at 6 months on book percentage etc.) and exposure / concentration metrics (e.g. percentage of book considered highly indebted, etc.) are tracked for alignment to the business plan. Associated tolerance levels are calculated for each metric as early warning indicators of potential performance variance to the business plan in order to trigger corrective / mitigation activity.

The only loan modification that is offered to Customers, apart from forbearance measures once in arrears, is a reschedule of the loan. This is undertaken in response to a request from a Customer and takes the form of an extension to the term designed to reduce the monthly payment. The affordability of the revised monthly payment is supported by an income and expenditure review followed by a 2 month proving period during which the Customer is required to successfully make the reduced monthly payment to demonstrate affordability.

The method of administering this restructured commitment is to write a new and separate loan, the proceeds of which are utilised to repay the original loan. The new loan is repapered with the Customer and the system has a marker to indicate that it is a rescheduled obligation. On average around two such new loans are written per calendar month.

The assessment of a prospective customer's creditworthiness is conducted in accordance with the Credit and Collection Procedures and aims, where appropriate, to meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU.

## **Underwriting exceptions**

Any application for an Unsecured Personal Loan which is accepted and opened but which was originally marked to be declined in the Originator's systems (meaning that the initial decision to decline the application was overturned by the underwriting panel on appeal) is reviewed by the Originator's credit risk committee to ensure that the rationale for accepting the applicable application and declined applications in general is robust. The results of this review are reported in the operational risk system.

Applications which are initially declined but then granted on appeal account for less than 0.1% of all applications. The reasons for such overturns are specific to the circumstances applicable to the particular Customer in question.

### **Risk Framework and/or Policies**

The Originator limits its activities to the "prime" segment of the consumer loans market, advancing loans to customers with clean credit histories and who do not have existing high levels of indebtedness. The Originator exercises controls and limits on its lending which are designed to manage losses within an expected range, comparable to other prime lenders. The Originator monitors loan performance on a monthly basis together with discussion regarding the same during working groups and risk committees.

Nectar card holders currently comprise more than 90 per cent. of new Unsecured Personal Loans advanced by the Originator. The generally good credit profile of Nectar card holders enables the Originator to differentiate its credit strategy from similar market participants and arrears for Nectar card holders are also relatively low.

The Originator's policy standards consist of the following: Retail Credit Risk Primary Risk Policy; Provisioning Policy Standard; Model Risk Policy Standard and Responsible Lending Policy Standard.

The Originator's Retail Credit Risk Policy sets out the parameters within which its credit risk strategy and underwriting teams must operate. The risk department monitors and manages retail credit risk against applicable key risk indicators agreed in the Originator's risk appetite statement, including the following key elements:

- production of monthly management information
- portfolio monitoring
- portfolio analysis
- stress testing and scenario analysis
- risk appetite amendments; and
- collections and recoveries processes.

### **Changes to Underwriting Guidelines and Policies**

The Underwriting Manual is aligned with the Sainsbury's Bank Credit Risk Policy and Responsible Lending Standard. This manual forms part of the overall risk framework for Sainsbury's Bank. Any change to Sainsbury's Bank policies or risk appetite requires an update of the Underwriting Manual and changes to Underwriting work instructions which would be managed through a small change process.

The Underwriting Manual is reviewed annually, with interim updates being added as appendices. Very few procedural changes have been implemented since the migration from Lloyds Banking Group, with only minor amendments relating to "refer rules". Any changes to the Underwriting Manual or work instructions are agreed with the Originator's credit risk department prior to being implemented.

Strategy changes are made by the Originator's credit risk department and any associated procedural changes are managed by the Originator's outsourced operations when changes have been included in an underwriting governance meeting. Any such changes are included in the Underwriting Manual/work instructions or in an accompanying appendix until the next Underwriting Manual review occurs.

For purposes of Article 20(10) of the Securitisation Regulation, any material changes to the underwriting standards set out in the Credit and Collection Procedures will be disclosed to investors in accordance with the securities law requirements applicable to the Notes.

### **Billing and payment methods**

All Customers must set up a direct debit instruction during the application process for a Loan.

Once a Customer enters into arrears, typically, that Customer's related direct debit will have failed twice and have been cancelled. Future payments are agreed between Customers and the Originator when further discussions and engagement with those Customers is successful.

Payment methods are, in order of preference:

- Set up a new direct debit instruction
- Have the Customer initiate a standing order
- Have the Customer grant a continuous payment authority (on a debit card)
- Customers making non regular payments:
  - Debit card payments by telephone (voice call with agent or automated option)
  - Faster payments

There are a very small number of Customers that continue to pay in cash at counters, and the Originator receives payment by Bank Giro Credit.

### **Collections and Recovery**

The Originator outsources all collections and recoveries operations to third parties, the identity of which varies depending upon which stage of the debt management process is applicable. The Originator's in-house team executes oversight and management functions in respect of such third party suppliers. The Originator's collections and recoveries team is divided into three groups, consisting of "Operations", "Transformation" and "Credit Risk".

The Originator delivers several channels of support for its Customers, including telephony (inbound and outbound), texts, email and letters. The frequency of contact is determined by how engaged the Customers are with the Originator and whether or not a forbearance arrangement is in place. Vulnerable Customers are managed on a case-by-case basis, with solutions being tailored and agreed in line with the Originator's risk appetite and the needs of the applicable Customers.

The Originator offers Customers a variety of options for forbearance of their debts, depending upon the particular circumstances of the Customer. The Originator adopts an early intervention strategy and directs Customers to debt advice charities where Customers' needs are complex.

All suppliers of collections and recoveries services to the Originator are equally accountable to the Originator's policy standards. Regular governance meetings and supplier checking and oversight are in place to support service delivery and policy adherence.

For purposes of Article 21(9) of the Securitisation Regulation, the Credit and Collection Procedures set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.

## **Insurance**

No insurance is provided by or received by the Originator in connection with any Unsecured Personal Loan.

## **The Purchased Receivables**

Under the Receivables Sale Agreement, the Seller will assign and transfer to the Issuer, without undue delay, the Purchased Receivables and Ancillary Rights comprising the Initial Portfolio, which have an aggregate Outstanding Principal Balance of £724,988,586 at the Cut-off Date. During the Revolving Period, the Seller may (in its absolute discretion) sell and assign Further Receivables, without undue delay, to the Issuer for the relevant Further Receivables Purchase Price on a given Further Purchase Date.

The Seller confirms that the Purchased Receivables have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.

## **Representations and warranties in respect of the Portfolio**

None of the Issuer, the Note Trustee or the Security Trustee has undertaken or will undertake any investigation to verify the details of the Purchased Receivables and each will rely solely on the representations and warranties given by the Seller to the Issuer pursuant to the Receivables Sale Agreement.

Pursuant to the Receivables Sale Agreement, the Seller will make certain representations and warranties to the Issuer regarding, among other things, its status and the validity of the Purchased Receivables and the Related Underlying Agreements. Such representations and warranties will be given to the Issuer on each Purchase Date and, in respect of the Eligibility Criterion set out in paragraph 2, the date on which any Variation is agreed by the Servicer in respect of a Purchased Receivable.

For more detailed information on the representations and warranties in respect of the Portfolio please refer to the section headed "*Overview of the Transaction Documents – Servicing Agreement*".

## **Eligibility Criteria**

In order for a Purchased Receivable to meet the Eligibility Criteria in relation to any Purchase Date, the Purchased Receivable or, as the case may be, the Related Underlying Agreement from which it is derived must have satisfied the following criteria:

1. As at the relevant Reference Date:
  - (a) each Purchased Receivable arises under an Underlying Agreement which satisfies the Eligibility Criteria;
  - (b) each Purchased Receivable is in full force and effect and constitutes the legal, valid, binding and enforceable obligation of the Customer in respect thereof, subject only to (i) applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and (ii) the effect of principles of equity, if applicable;
  - (c) each Purchased Receivable is freely transferable and is not subject to a dispute or any right of rescission, set off, counterclaim, termination or analogous right and no other defence (including defences arising out of violations out of usury laws) exists or has been threatened;
  - (d) (i) each Concentration Limit Test is not breached in respect of such Purchased Receivable (for the avoidance of doubt, only those Purchased Receivables, the aggregate Outstanding Principal Balance of which are in excess of the Concentration Limit Test, will be deemed not

to be Eligible Receivables) and (ii) if there is a breach of the Concentration Limit Test subsisting as at the Reference Date (taking into consideration the Purchased Receivables in the Portfolio as a whole), a Purchased Receivable will still be deemed an Eligible Receivable if (immediately after the inclusion of the relevant Purchased Receivable on the Reference Date):

- (A) with respect only to a then subsisting breach of the Concentration Limit Test set out in paragraph 1 of the definition of "Concentration Limit Test", there is no further increase to and of the weighted average remaining term to maturity of the Purchased Receivables then subsisting;
  - (B) with respect only to a then subsisting breach of the Concentration Limit Test set out in paragraph 2 of the definition of "Concentration Limit Test", there is no further decrease in the weighted average interest rate of the Purchased Receivables then subsisting;
  - (C) with respect only to a then subsisting breach of the Concentration Limit Test set out in paragraph 3(a) of the definition of "Concentration Limit Test", there is no further decrease in the then current Outstanding Principal Balance of Purchased Receivables relating to Nectar Loans; and
  - (D) with respect only to a then subsisting breach of the Concentration Limit Test set out in paragraph 3(b) of the definition of "Concentration Limit Test", there is no further increase in the then current Outstanding Principal Balance of Purchased Receivables which are debt consolidation loans;
- (e) in respect of a Purchased Receivable, the Customer has made at least one scheduled Monthly Payment to the Seller;
- (f) each Purchased Receivable carries a fixed rate of interest;
- (g) the Purchased Receivables are denominated and payable in Sterling;
- (h) none of the Purchased Receivables are Defaulted Receivables;
- (i) none of the Purchased Receivables is considered past due, that is, it is not a Delinquent Receivable;
- (j) none of the Purchased Receivables is subject to a debt restructuring or other restructuring which has the effect of (a) extending the original maturity date of such Purchased Receivable where such extension would not constitute a Permitted Variation and/or (b) reducing the Outstanding Balance of the Receivable which would have been due from the relevant Customer but for such variation or restructuring of the Underlying Agreement (other than any reduction in the Income Element in respect of such Purchased Receivable that arises solely as a result of any prepayment of the Principal Element in respect of such Purchased Receivable);
- (k) each of the Purchased Receivables is due from a Customer who:
  - (i) is a resident individual in England;
  - (ii) is employed, self-employed or retired;
  - (iii) to the best knowledge of the Originator, is not an employee of the Originator;

- (iv) has an Experian score of not less than 700 or such equivalent credit score determined by an alternative consumer credit rating agency of a similar size, nature and experience to Experian and acceptable to the Issuer (following consultation with the Servicer);
  - (v) if such Customer holds one or more deposit accounts with Sainsbury's Bank, the balance of such deposit account/s is no greater than zero;
  - (vi) has not, to the best knowledge of the Originator:
    - (i) been declared insolvent or bankrupt; or
    - (ii) had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination; or
    - (iii) undergone a debt-restructuring process with regard to the Related Underlying Agreement within three years prior to the date of transfer of the relevant Receivable to the Issuer except if, in respect of a Receivable:
      - (A) a restructured Related Underlying Agreement has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of transfer of the relevant Receivable to the Issuer; and
      - (B) the information provided by the Seller and Issuer (in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) of the Securitisation Regulation) explicitly sets out the proportion of Receivables in respect of which the Related Underlying Agreements have been restructured, the time and details of the restructuring as well as their performance since the date of the restructuring;
  - (vii) is not subject to any proceedings for the commencement of insolvency proceedings pending in any jurisdiction against it (to the best knowledge of the Originator);
  - (viii) was not, to the best knowledge of the Originator at the time of origination of the Purchased Receivables (i) on a public credit registry of persons with adverse credit history; or (ii) where there is no such public credit registry, on another credit registry that is available to the Originator;
  - (ix) does not have a credit assessment or credit score indicating (i) based on the Servicer's Credit and Collection Procedures, a significant risk that contractually agreed payments will not be made or (ii) that, to the best knowledge of the Originator, the risk of contractually agreed payments not being made is significantly higher than for comparable exposures retained by the Seller;
  - (x) has not had a county court judgment entered or awarded against him on or in the six years prior to the date of origination of the relevant Receivable; and
- (l) none of the Purchased Receivables are COVID-19 Affected Receivables.

2. On each date on which a Variation is agreed in respect of a Purchased Receivable, the Variation is not a Non-Permitted Variation.
3. All Customers who are individuals were aged 18 years or older at the date of entering into the Related Underlying Agreement.
4. Each Related Underlying Agreement provides for equal Monthly Payments by the Customer (provided that the payment in the first month and the final month of the life of the Purchased Receivable may be different from the level payment) that shall amortise the Amount Financed by maturity (subject to any provision in the Related Underlying Agreement for changing the payment to reflect cancellation).
5. Each Receivable is paid by automatic direct debit order on a bank account authorised by the relevant Customer at the date of origination of the Related Underlying Agreement (provided that payments made by credit card, debit card, cheque or cash may be accepted by the Seller pursuant to the collection procedure specified by the applicable provisions of the Credit and Collection Procedures).
6. Each Related Underlying Agreement is an agreement under which no withholding taxes are applicable to any payments made under it.
7. Each Related Underlying Agreement is an agreement in respect of which no stamp duty, stamp duty reserve tax transfer or registration charges or other Similar Tax is payable by the Issuer including (without limitation) in connection with the transfer of the Purchased Receivables or Ancillary Rights to the Issuer.
8. Each Related Underlying Agreement is originated in England by Sainsbury's Bank plc as sole principal and without any agent lender, in accordance with the Credit and Collection Procedures and is governed by the laws of England.
9. Each Related Underlying Agreement has an original term of no less than 12 months and no more than 84 months.
10. Each Related Underlying Agreement does not have a representative APR in excess of 25 per cent.
11. Each Related Underlying Agreement was originated during or after December 2017.
12. With the exception of certain allowable fees, the original advance being made under each Related Underlying Agreement was more than £500 but less than £40,000 as at the relevant date of origination.
13. The disclosure of information relating to the Customer as contemplated by, and for the purposes envisaged by, the Receivables Sale Agreement will not be in breach of Data Protection Legislation.
14. The amount available under each Related Underlying Agreement has been fully drawn by the Customer.
15. With respect to any single Customer, the Outstanding Principal Balance of the Receivables owed by such single Customer is less than 0.20 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio.
16. The Customer was not required and has not paid any commission, finder's fee, broker's fee or procuration fee to any broker or credit intermediary in relation to the making of the Related Underlying Agreement and/or the existence and amount of any fee or commission paid by Sainsbury's Bank plc to any credit broker or intermediary was disclosed to the Customer prior to the Related Underlying Agreement being made.



## **Concentration Limit Tests**

The **Concentration Limit Tests** mean, in respect of a Purchased Receivable, each of the following (which shall be determined immediately after the inclusion of the relevant Purchased Receivable on the purchase date):

1. The weighted average remaining term to maturity in respect of the Purchased Receivables in the Portfolio is less than or equal to 60 months.
2. The weighted average interest rate calculated in respect of the Purchased Receivables is at least equal to 4.00 per cent.
3. The aggregate Outstanding Principal Balance of those Purchased Receivables:
  - (a) which relate to Underlying Agreements that are Nectar Loans is at least 90 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio; and
  - (b) which are debt consolidation loans is less than 20 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio

## **STS requirements relating to the Purchased Receivables**

Pursuant to the Securitisation Regulation, the Purchased Receivables must satisfy certain conditions in order for this transaction to be designated a STS securitisation.

As at the relevant Reference Date:

- (a) the Purchased Receivables are homogeneous for the purposes of Article 20(8) of the Securitisation Regulation on the basis that all such Purchased Receivables:
  - (i) have been underwritten by SB in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential Customer's credit risk;
  - (ii) are loans entered into substantially on the terms of similar standard documentation for consumer loans;
  - (iii) are serviced by SB in accordance with the same Credit and Collection Procedures; and
  - (iv) form one asset category, namely "loans and credit facilities to individuals for personal, family or household consumption purpose";
- (b) the Purchased Receivables do not comprise:
  - (i) any transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU, pursuant to Article 20(8) of the Securitisation Regulation;
  - (ii) any securitisation positions, pursuant to Article 20(9) of the Securitisation Regulation; nor
  - (iii) any derivatives, pursuant to Article 21(2) of the Securitisation Regulation; and
- (c) the Purchased Receivables do not include Receivables which qualify as exposures in default within the meaning of Article 178(1) of Regulation (EU) no. 575/2013 or as exposures to a credit-impaired debtor or guarantor, who, to the best of SB's knowledge:

- (i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer of the Receivables to the Issuer;
- (ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or
- (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by SB which have not been transferred to the Issuer,

in each case pursuant to Article 20(11) of the Securitisation Regulation.

- (d) For the purposes of Article 20(8) of the Securitisation Regulation, so far as SB is aware, the Purchased Receivables contain obligations that are in all material respects contractually binding and enforceable, with full recourse against Customers in respect of payments due under Underlying Agreements, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights.

### Statistical information

The following statistical information is given in relation to the Portfolio as at the Cut-Off Date. The information set out below in respect of the Portfolio may not necessarily correspond to that of the Purchased Receivables comprising the Initial Portfolio on the Closing Date. Following the Closing Date, the Portfolio will change from time to time as a result of repayment, prepayments, repurchase of Purchased Receivables or purchase of Further Receivables.

The historical, financial and other information set out below including information in respect of collection rates, represents the historical experience of the Seller. The part of the Portfolio sold to the Seller on the Closing Date will comprise the Initial Portfolio. There can be no assurance that the future experience and performance of the Portfolio of the Seller and Servicer will be similar to the experience shown in this section.

### Verification of data

The Seller has caused a sample of the Receivables (including the data disclosed in respect of those Receivables) to be externally verified by one or more appropriate and independent third parties. Such Receivables have been subject to an agreed upon procedures review of a representative sample of Receivables selected from the Portfolio as at the Cut-off Date (as well as an agreed upon procedures review amongst other things, of the conformity with the Receivable Warranties (where applicable)) conducted by a third party and completed on or about 14 August 2020 (the **AUP Report**). An appropriate and independent third party has verified that the tables disclosed under this section “*Characteristics of the Portfolio*” of this Offering Circular in respect of the underlying exposures are calculated accurately. The Seller has reviewed such report and is of the opinion that there were no significant adverse findings in such report.

The third parties undertaking such reviews only have obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein. Such verification was completed to a confidence level of 99% and no significant adverse findings were found following such verification exercise.

## Portfolio Stratification

**Table 1: Summary**

<b>Summary</b>	
Current Principal Balance (£)	724,988,586
Number of Loans	79,488
Average Balance (£)	9,121
Nectar (%)	92.44
Weighted Average Interest Rate (%)	4.89
Weighted Average Term To Maturity (months)	42.63
Weighted Average Seasoning (months)	14.93
Weighted Average Original Loan Term (months)	57.06
Largest Loan Balance (£)	37,302

**Table 2: Distribution of Loans by Original Balance**

<b>Original Balances</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
<= 1,000	247	0.31	180,457	0.02
1,001 to 3,000	1,628	2.05	2,830,443	0.39
3,001 to 5,000	6,692	8.42	21,326,595	2.94
5,001 to 7,000	6,594	8.30	28,116,785	3.88
7,001 to 9,000	11,842	14.90	65,495,225	9.03
9,001 to 11,000	14,087	17.72	102,001,022	14.07
11,001 to 13,000	7,145	8.99	62,568,288	8.63
13,001 to 15,000	10,540	13.26	112,298,447	15.49
15,001 to 17,000	3,935	4.95	47,912,315	6.61
17,001 to 19,000	2,733	3.44	37,164,971	5.13
19,001 to 21,000	5,723	7.20	87,008,476	12.00
21,001 to 23,000	1,709	2.15	28,720,961	3.96
23,001 to 25,000	6,045	7.60	115,352,682	15.91
25,001 to 27,000	76	0.10	1,543,020	0.21
27,001 >=	492	0.62	12,468,898	1.72
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Average	12,490			
Minimum	1,000			
Maximum	39,838			

**Table 3: Distribution of Loans by Principal Balance**

<b>Principal Balance</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
<= 1,000	591	0.74	453,151	0.06
1,001 to 3,000	6,050	7.61	13,306,347	1.84
3,001 to 5,000	12,713	15.99	51,524,414	7.11
5,001 to 7,000	13,828	17.40	83,280,026	11.49
7,001 to 9,000	12,841	16.15	102,610,004	14.15

9,001 to 11,000	9,037	11.37	89,877,239	12.40
11,001 to 13,000	6,984	8.79	83,685,729	11.54
13,001 to 15,000	5,555	6.99	77,316,489	10.66
15,001 to 17,000	3,726	4.69	59,434,453	8.20
17,001 to 19,000	3,499	4.40	62,866,201	8.67
19,001 to 21,000	2,275	2.86	45,343,186	6.25
21,001 to 23,000	1,587	2.00	34,886,379	4.81
23,001 to 25,000	494	0.62	11,605,628	1.60
25,001 to 27,000	115	0.14	2,990,121	0.41
27,001 >=	193	0.24	5,809,218	0.80
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Average	9,121			
Minimum	501			
Maximum	37,302			

**Table 4: Distribution of Loans by Original Term**

<b>Original Term</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
6.01 to 12.00	93	0.12	249,768	0.03
12.01 to 18.00	252	0.32	875,903	0.12
18.01 to 24.00	3,020	3.80	12,307,415	1.70
24.01 to 30.00	1,245	1.57	6,128,295	0.85
30.01 to 36.00	13,123	16.51	71,716,774	9.89
36.01 to 42.00	1,973	2.48	13,875,341	1.91
42.01 to 48.00	13,865	17.44	113,912,285	15.71
48.01 to 54.00	1,119	1.41	10,456,943	1.44
54.01 to 60.00	38,469	48.40	399,802,450	55.15
60.01 >=	6,329	7.96	95,663,412	13.20
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Weighted Average	57.06			
Minimum	12.00			
Maximum	84.00			

**Table 5: Distribution of Loans by Remaining Term to Maturity (months)**

<b>Remaining Term to Maturity (months)</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
0.01 to 12.00	3,925	4.94	10,876,350	1.50
12.01 to 24.00	12,383	15.58	63,102,002	8.70
24.01 to 36.00	18,263	22.98	139,952,247	19.30
36.01 to 48.00	25,420	31.98	252,782,126	34.87
48.01 to 60.00	15,093	18.99	188,762,698	26.04
60.01 to 72.00	2,988	3.76	46,255,140	6.38
72.01 to 80.00	1,416	1.78	23,258,023	3.21
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

Weighted Average	42.63
Minimum	0.03
Maximum	79.93

**Table 6: Distribution of Loans by Seasoning (months)**

Seasoning (months)	No. of Loans	% of Loans	Balance	% of Balance
3.01 to 6.00	2,177	2.74	22,814,130	3.15
6.01 to 9.00	13,521	17.01	151,789,773	20.94
9.01 to 12.00	10,237	12.88	104,342,311	14.39
12.01 to 15.00	11,364	14.30	106,429,743	14.68
15.01 to 18.00	11,714	14.74	101,110,530	13.95
18.01 to 21.00	14,747	18.55	124,592,877	17.19
21.01 to 24.00	5,919	7.45	47,782,244	6.59
24.01 to 27.00	3,783	4.76	26,638,742	3.67
27.01 to 30.00	4,476	5.63	29,366,237	4.05
30.01 >=	1,550	1.95	10,121,998	1.40
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Weighted Average	14.93			
Minimum	4.07			
Maximum	33.63			

**Table 7: Distribution of Loans by Origination Year**

Origination Year	No. of Loans	% of Loans	Balance	% of Balance
2017	52	0.07	268,913	0.04
2018	15,979	20.10	116,082,449	16.01
2019	48,133	60.55	438,312,433	60.46
2020	15,324	19.28	170,324,790	23.49
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

**Table 8: Distribution of Loans by Repayment Method**

Repayment Method	No. of Loans	% of Loans	Balance	% of Balance
Constant Instalment Repayment	79,488	100.00	724,988,586	100.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

**Table 9: Distribution of Loans by APR**

APR	No. of Loans	% of Loans	Balance	% of Balance
2.01 to 4.00	40,623	51.11	385,267,102	53.14
4.01 to 6.00	14,576	18.34	142,217,799	19.62
6.01 to 8.00	10,165	12.79	94,213,627	13.00
8.01 to 10.00	5,106	6.42	46,572,406	6.42
10.01 to 12.00	6,502	8.18	47,022,321	6.49
12.01 to 14.00	318	0.40	3,001,665	0.41

14.01 to 16.00	770	0.97	4,114,074	0.57
16.01 >=	1,428	1.80	2,579,592	0.36
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Weighted Average	4.89			
Minimum	2.70			
Maximum	24.90			

**Table 10: Distribution of Loans by Rate Type**

<b>Rate Type</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
Fixed Rate	79,488	100.00	724,988,586	100.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

**Table 11: Region**

<b>Region</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
South East	15,393	19.37	143,181,000	19.75
East of England	10,010	12.59	90,634,769	12.50
North West	9,753	12.27	87,380,654	12.05
London	8,438	10.62	81,664,808	11.26
West Midlands	8,960	11.27	79,590,390	10.98
South West	8,501	10.69	76,284,411	10.52
East Midlands	7,481	9.41	67,803,835	9.35
Yorkshire and the Humber	6,930	8.72	62,584,167	8.63
North East	4,022	5.06	35,864,552	4.95
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

**Table 12: Distribution of Loans by Employment Status**

<b>Employment Status</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
Employed	62,246	78.31	574,424,566	79.23
Self-employed	8,485	10.67	77,837,639	10.74
Civil/Government Servant	4,430	5.57	40,058,766	5.53
Pensioner	4,327	5.44	32,667,615	4.51
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

**Table 13: Distribution of Loans by Loan Purpose**

<b>Loan Purpose</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
New Car	37,857	47.63	331,769,480	45.76
Home Improvements	21,879	27.52	212,285,183	29.28
Debt Consolidation	12,207	15.36	124,235,968	17.14
Other	2,491	3.13	19,425,971	2.68
Other Vehicle	1,868	2.35	17,517,436	2.42
Travel	1,199	1.51	6,842,637	0.94
Used Car	866	1.09	5,080,815	0.70

Tuition Fees	474	0.60	3,992,237	0.55
Appliance / Furniture	647	0.81	3,838,859	0.53
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 14: Distribution of Loans by Origination Channel*

Origination Channel	No. of Loans	% of Loans	Balance	% of Balance
Direct	45,704	57.50	411,862,084	56.81
Indirect	17,549	22.08	159,721,326	22.03
Dealer	13,755	17.30	131,403,414	18.12
Broker	2,480	3.12	22,001,761	3.03
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 15: Distribution of Loans by Payment Frequency*

Payment Frequency	No. of Loans	% of Loans	Balance	% of Balance
Monthly	79,488	100.00	724,988,586	100.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 16: Distribution of Loans by Payment Due*

Payment Due	No. of Loans	% of Loans	Balance	% of Balance
1 to 200	27,308	34.35	143,230,184	19.76
201 to 400	41,184	51.81	411,210,858	56.72
401 to 600	9,709	12.21	150,977,250	20.82
601 to 800	1,014	1.28	15,900,687	2.19
801 to 1,000	168	0.21	2,326,164	0.32
1,001 to 1,200	103	0.13	1,329,262	0.18
1,201 to 1,400	2	0.00	14,181	0.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Weighted Average	316.25			
Minimum	23.25			
Maximum	1365.71			

*Table 17: Distribution of Loans by Customer Type*

Customer Type	No. of Loans	% of Loans	Balance	% of Balance
New	68,372	86.02	615,592,400	84.91
Existing	11,116	13.98	109,396,186	15.09
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 18: Distribution of Loans by Account Status*

<b>Account Status</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
Performing	79,488	100.00	724,988,586	100.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 19: Distribution of Loans by Payment Method*

<b>Payment Method</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
Direct Debit	79,488	100.00	724,988,586	100.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 20: Distribution by Nectar*

<b>Nectar Loans</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
Nectar	71,354	89.77	670,175,529	92.44
Non-Nectar	8,134	10.23	54,813,057	7.56
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>

*Table 21: Distribution by Experian Score*

<b>Experian Score</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance</b>	<b>% of Balance</b>
700 to 849	4,154	5.23	31,525,241	4.35
850 to 999	15,430	19.41	127,098,385	17.53
1,000 to 1,149	38,093	47.92	356,446,775	49.17
1,150 to 1,299	21,806	27.43	209,887,285	28.95
1,300 >=	5	0.01	30,901	0.00
<b>Total:</b>	<b>79,488</b>	<b>100.00</b>	<b>724,988,586</b>	<b>100.00</b>
Minimum	700			
Maximum	1,312			

### Historical Performance Data

The historical information set out below represent the historical experience of the Seller on the performance of the consumer loans that have been originated, underwritten and serviced in accordance with Sainsbury's Bank policies and can be considered substantially similar exposures to the Receivables sold to the Issuer. None of the Security Trustee, the Notes Trustee, the Account Bank, the Cash Manager, the Paying Agent, the Listing Agent, the Swap Counterparty, the Arranger or the Lead Manager has undertaken or will undertake any investigation, review or searches to verify the historical information.



## Dynamic Arrears Data

Distribution of loans by no delinquencies, delinquencies by each 30 day arrears cycle past due, and charge offs.

Source: Sainsbury's Bank

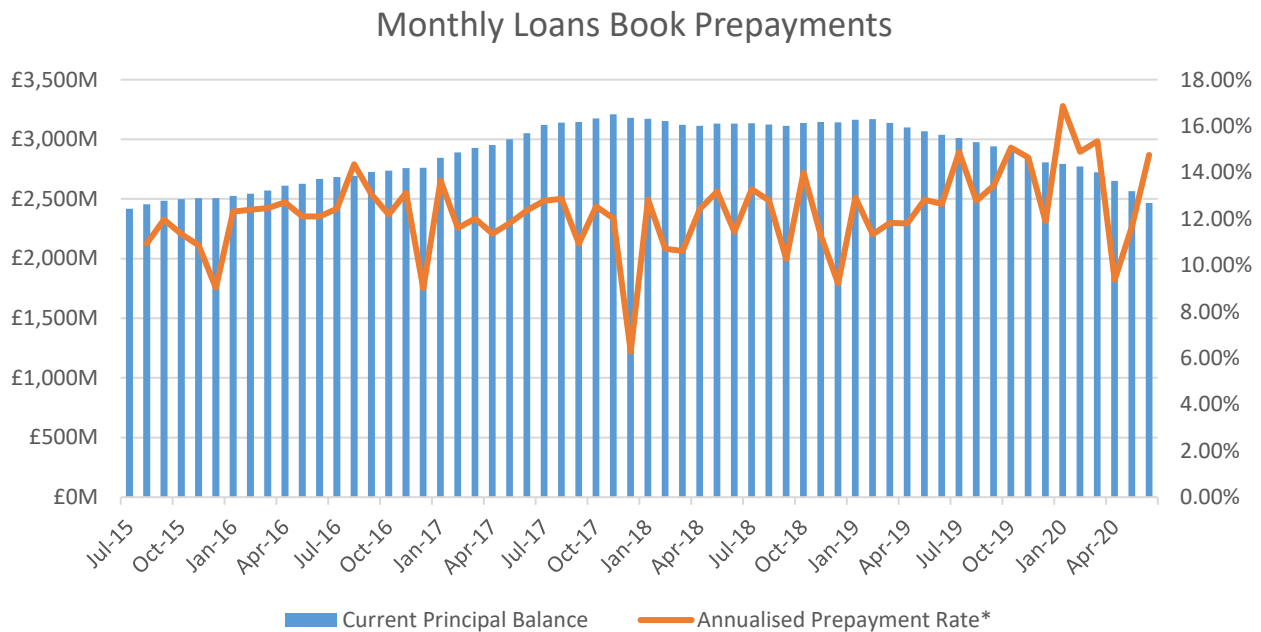
History Month	Up to date	1 Down	2 Down	3 Down	4 Down	Charge off	Total Book Size	Volume
01-Feb-14	£1,970,144,913	£2,295,690	£3,812,886	£3,284,841	£2,800,544	£50,098,685	£2,032,437,558	337,153
01-Mar-14	£1,977,326,022	£2,486,012	£4,113,012	£3,067,688	£2,950,659	£51,146,742	£2,041,090,135	340,401
01-Apr-14	£1,998,177,352	£2,344,152	£3,461,178	£3,532,356	£3,224,956	£50,888,145	£2,061,628,140	343,436
01-May-14	£2,001,612,635	£2,326,466	£3,498,479	£3,150,739	£4,140,717	£50,921,295	£2,065,650,331	344,797
01-Jun-14	£2,014,910,689	£2,342,094	£3,226,584	£3,222,867	£3,206,274	£52,022,525	£2,078,931,034	347,452
01-Jul-14	£2,033,750,610	£2,339,578	£3,544,605	£2,905,711	£3,212,042	£52,874,638	£2,098,627,183	349,597
01-Aug-14	£2,051,636,261	£2,062,341	£3,211,756	£2,876,967	£3,045,755	£53,391,090	£2,116,224,170	351,424
01-Sep-14	£2,079,601,429	£2,152,694	£3,199,669	£2,746,217	£2,702,116	£54,318,504	£2,144,720,629	354,685
01-Oct-14	£2,095,688,623	£2,236,025	£2,935,943	£2,825,768	£2,819,986	£54,259,280	£2,160,765,624	356,694
01-Nov-14	£2,095,007,567	£1,830,510	£3,011,022	£2,542,482	£3,048,234	£54,614,563	£2,160,054,377	356,476
01-Dec-14	£2,099,299,238	£1,875,413	£3,060,304	£2,515,815	£2,913,836	£55,297,562	£2,164,962,168	356,292
01-Jan-15	£2,121,129,852	£2,055,021	£2,896,444	£2,698,425	£2,485,801	£55,878,928	£2,187,144,470	359,834
01-Feb-15	£2,157,208,378	£1,945,383	£3,007,745	£2,653,338	£2,727,410	£54,505,105	£2,222,047,359	364,666
01-Mar-15	£2,219,359,537	£2,253,103	£2,968,846	£2,557,251	£2,849,156	£54,613,056	£2,284,600,949	372,696
01-Apr-15	£2,253,390,822	£2,163,402	£2,769,721	£2,658,467	£2,665,965	£55,061,978	£2,318,710,355	375,480
01-May-15	£2,279,209,290	£1,593,371	£2,664,265	£2,597,811	£3,087,945	£54,901,115	£2,344,053,797	379,049
01-Jun-15	£2,327,911,103	£2,046,607	£2,466,262	£2,479,446	£3,102,947	£55,630,843	£2,393,637,209	382,858
01-Jul-15	£2,351,186,846	£2,241,862	£2,576,602	£2,235,220	£3,139,254	£54,946,479	£2,416,326,263	385,294
01-Aug-15	£2,387,930,750	£1,928,293	£2,939,655	£2,227,353	£3,198,194	£54,778,150	£2,453,002,395	388,171
01-Sep-15	£2,419,309,780	£2,340,549	£2,644,108	£2,621,975	£2,696,765	£54,817,386	£2,484,430,564	390,879
01-Oct-15	£2,432,449,846	£1,870,617	£3,335,784	£2,250,063	£3,019,096	£54,639,737	£2,497,565,143	391,817
01-Nov-15	£2,440,410,983	£2,137,992	£2,981,514	£2,834,862	£3,092,047	£54,228,226	£2,505,685,624	393,459
01-Dec-15	£2,440,052,061	£2,114,751	£3,115,913	£2,733,413	£3,009,585	£54,989,446	£2,506,015,169	393,343
01-Jan-16	£2,457,430,850	£2,197,360	£3,232,538	£2,971,282	£3,412,533	£54,108,375	£2,523,352,939	397,095
01-Feb-16	£2,477,071,237	£2,068,034	£3,425,615	£2,863,903	£3,965,468	£54,093,736	£2,543,487,993	400,824
01-Mar-16	£2,502,355,035	£2,221,661	£3,547,356	£2,902,869	£3,794,217	£54,242,516	£2,569,063,654	402,947
01-Apr-16	£2,541,956,951	£2,311,558	£3,454,325	£3,090,169	£4,000,058	£54,335,185	£2,609,148,246	406,310
01-May-16	£2,558,864,188	£2,760,851	£3,685,868	£2,865,923	£3,803,432	£54,904,612	£2,626,884,873	407,853
01-Jun-16	£2,596,331,770	£2,512,954	£3,767,452	£3,176,649	£3,790,438	£55,552,242	£2,665,131,504	411,815
01-Jul-16	£2,612,059,182	£2,711,190	£3,896,842	£3,289,453	£4,441,336	£55,359,022	£2,681,757,024	413,811
01-Aug-16	£2,619,965,977	£4,203,310	£4,167,124	£3,329,288	£4,296,615	£56,280,668	£2,692,242,983	415,453
01-Sep-16	£2,650,956,877	£4,251,896	£4,818,322	£3,298,686	£4,529,923	£56,155,917	£2,724,011,621	416,982
01-Oct-16	£2,664,386,393	£3,860,429	£4,152,622	£3,641,442	£4,803,591	£56,091,104	£2,736,935,581	416,074
01-Nov-16	£2,684,677,560	£3,430,824	£4,350,580	£3,587,214	£4,766,121	£56,481,483	£2,757,293,782	417,445
01-Dec-16	£2,686,420,937	£3,217,348	£4,876,764	£3,469,763	£4,750,333	£57,080,835	£2,759,815,980	415,858
01-Jan-17	£2,769,486,340	£3,787,868	£5,014,129	£3,717,895	£5,141,192	£57,296,816	£2,844,444,240	425,106
01-Feb-17	£2,813,873,582	£3,141,293	£5,097,891	£3,885,303	£5,680,164	£57,527,389	£2,889,205,621	428,675
01-Mar-17	£2,849,669,347	£3,685,202	£5,149,043	£4,372,585	£5,401,712	£58,565,508	£2,926,843,397	431,908
01-Apr-17	£2,873,679,789	£2,685,174	£4,507,752	£4,394,185	£6,120,764	£58,904,236	£2,950,291,900	433,635
01-May-17	£2,920,995,845	£3,414,495	£4,678,591	£4,122,947	£6,158,987	£60,186,369	£2,999,557,233	438,826
01-Jun-17	£2,971,823,368	£3,250,623	£4,779,905	£4,104,940	£6,511,214	£60,340,123	£3,050,810,174	441,283
01-Jul-17	£3,038,585,878	£4,185,655	£5,194,977	£3,934,488	£6,834,887	£60,989,744	£3,119,725,627	446,539
01-Aug-17	£3,054,716,477	£4,162,577	£5,332,368	£4,620,197	£6,586,463	£61,909,691	£3,137,327,772	447,337
01-Sep-17	£3,060,137,893	£3,769,041	£5,579,075	£4,747,104	£7,583,205	£62,158,368	£3,143,974,687	446,095
01-Oct-17	£3,087,838,610	£4,643,128	£5,336,602	£4,998,644	£6,897,698	£63,767,685	£3,173,482,367	447,502
01-Nov-17	£3,121,342,623	£4,264,870	£5,739,552	£4,573,871	£6,661,520	£65,375,687	£3,207,958,123	449,345
01-Dec-17	£3,090,246,729	£4,166,025	£6,159,697	£5,123,236	£6,429,047	£66,439,630	£3,178,564,363	445,194

01-Jan-18	£3,079,513,309	£4,649,630	£6,379,964	£5,242,406	£6,979,308	£67,611,516	£3,170,376,134	445,878
01-Feb-18	£3,059,862,667	£3,977,281	£6,855,723	£5,572,256	£7,388,349	£68,687,270	£3,152,343,545	444,087
01-Mar-18	£3,023,723,699	£4,292,962	£7,124,389	£5,971,041	£7,153,914	£70,837,548	£3,119,103,553	440,597
01-Apr-18	£3,015,723,001	£3,935,447	£6,457,093	£6,026,410	£7,348,306	£72,743,821	£3,112,234,077	439,133
01-May-18	£3,033,678,253	£4,348,086	£6,358,582	£5,240,145	£7,141,946	£74,054,292	£3,130,821,303	439,472
01-Jun-18	£3,032,512,999	£3,743,270	£6,506,522	£5,096,823	£7,271,361	£75,138,348	£3,130,269,322	437,661
01-Jul-18	£3,032,733,844	£4,232,327	£6,631,242	£5,378,776	£6,671,995	£76,335,870	£3,131,984,052	437,711
01-Aug-18	£3,021,302,092	£4,803,360	£6,326,837	£5,456,165	£6,717,837	£76,980,674	£3,121,586,965	436,277
01-Sep-18	£3,009,752,865	£4,481,657	£6,288,100	£5,271,193	£7,419,908	£77,531,002	£3,110,744,724	435,080
01-Oct-18	£3,033,064,747	£4,795,080	£6,247,767	£5,373,442	£7,857,673	£78,634,340	£3,135,973,050	436,213
01-Nov-18	£3,039,122,287	£4,652,913	£6,101,706	£5,501,790	£7,079,956	£80,472,090	£3,142,930,743	435,807
01-Dec-18	£3,034,510,363	£5,324,649	£6,470,899	£5,305,505	£8,159,350	£80,303,844	£3,140,074,610	434,456
01-Jan-19	£3,055,637,381	£5,521,584	£6,941,956	£5,384,779	£8,342,603	£81,169,467	£3,162,997,769	438,404
01-Feb-19	£3,059,482,343	£4,646,307	£6,822,672	£5,900,341	£8,514,728	£81,587,798	£3,166,954,188	437,427
01-Mar-19	£3,028,205,111	£4,436,182	£7,131,485	£5,493,659	£8,389,805	£83,362,509	£3,137,018,753	434,655
01-Apr-19	£2,989,393,271	£4,913,478	£6,713,734	£5,808,202	£8,716,262	£83,256,757	£3,098,801,704	431,028
01-May-19	£2,956,151,931	£5,336,100	£7,088,277	£5,221,987	£9,450,898	£83,350,987	£3,066,600,180	427,196
01-Jun-19	£2,926,382,772	£4,352,046	£6,898,021	£5,882,106	£8,816,660	£83,637,545	£3,035,969,150	423,833
01-Jul-19	£2,898,832,265	£4,924,923	£6,775,362	£5,586,946	£9,420,090	£84,088,831	£3,009,628,417	420,624
01-Aug-19	£2,859,820,310	£4,892,538	£7,006,097	£5,282,958	£9,718,170	£87,095,532	£2,973,815,606	416,121
01-Sep-19	£2,821,704,379	£5,144,676	£6,625,337	£5,740,695	£9,954,377	£89,587,814	£2,938,757,278	412,406
01-Oct-19	£2,782,867,768	£5,271,816	£7,189,042	£5,803,008	£9,731,345	£92,957,826	£2,903,820,805	408,575
01-Nov-19	£2,732,275,530	£5,104,119	£6,327,108	£5,874,929	£10,464,289	£86,363,689	£2,846,409,663	403,296
01-Dec-19	£2,688,663,844	£5,569,671	£6,831,769	£5,282,618	£10,828,293	£89,128,640	£2,806,304,835	398,417
01-Jan-20	£2,677,163,057	£5,738,982	£6,402,698	£5,797,565	£9,786,365	£88,605,543	£2,793,494,210	398,317
01-Feb-20	£2,653,789,734	£4,568,933	£7,073,702	£5,394,926	£9,590,314	£90,418,530	£2,770,836,138	394,163
01-Mar-20	£2,624,459,070	£5,282,308	£7,237,890	£5,753,419	£9,514,449	£70,285,220	£2,722,532,354	389,871
01-Apr-20	£2,521,236,813	£24,443,881	£14,779,359	£6,175,886	£11,412,869	£72,262,411	£2,650,311,218	377,388
01-May-20	£2,436,546,513	£10,417,396	£20,540,253	£9,407,705	£11,912,622	£75,540,772	£2,564,365,260	369,482
01-Jun-20	£2,349,710,608	£8,985,735	£8,107,632	£9,158,279	£12,617,157	£75,082,945	£2,463,662,356	361,352

## Prepayment & overpayment – Originator whole consumer loans book

Source: Sainsbury's Bank

Prepayments & overpayment in a current month compared to the outstanding current balance of the portfolio in the same month. Detailed performance data and information is made available electronically on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com) and incorporated by reference into this document.

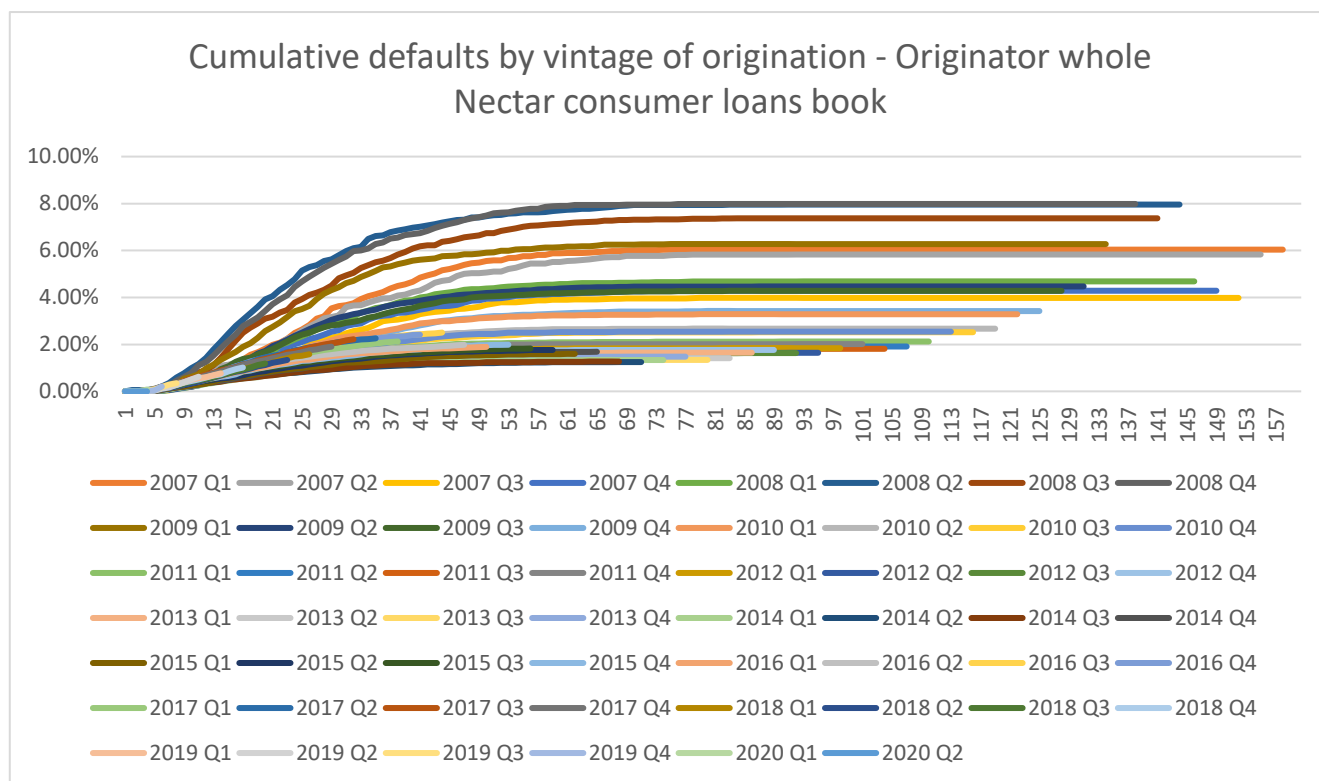


\* Annualised CPR (Monthly Prepayment x 12) / Gross Amount M-1

## Cumulative defaults by vintage of origination - Originator whole Nectar consumer loans book

Source: Sainsbury's Bank

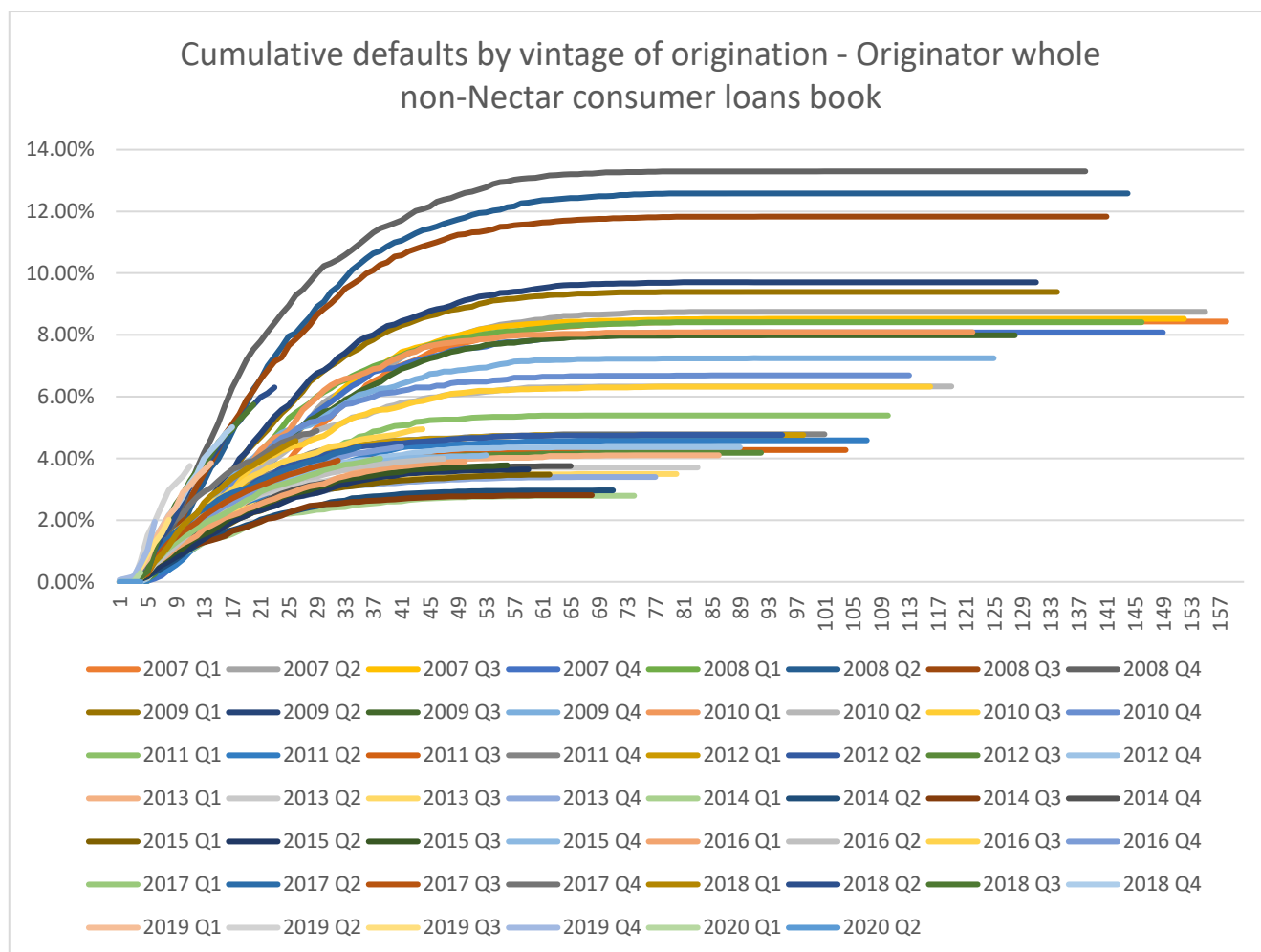
Detailed performance data and information is made available electronically on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com) and incorporated by reference into this document.



## Cumulative defaults by vintage of origination - Originator whole non-Nectar consumer loans book

Source: Sainsbury's Bank

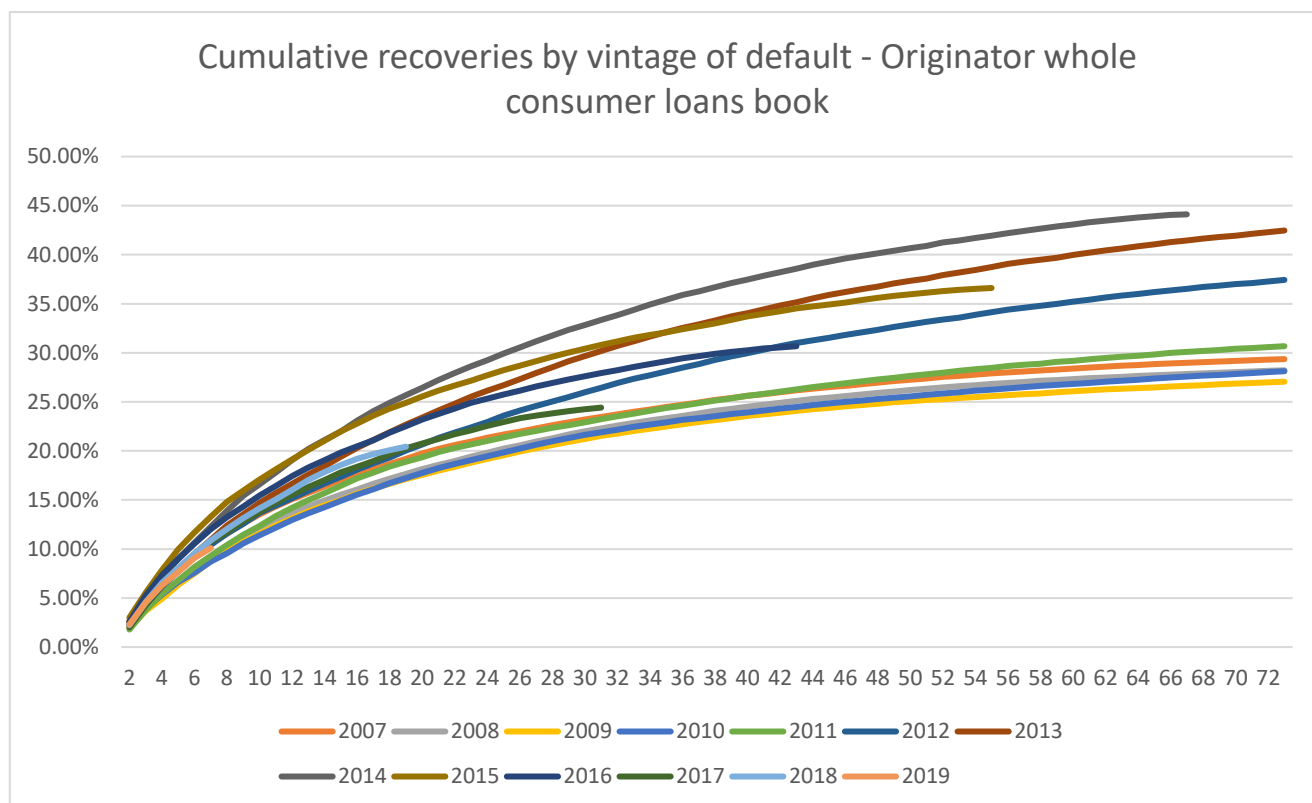
Detailed performance data and information is made available electronically on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com) and incorporated by reference into this document.



## Cumulative recoveries by vintage of default - Originator whole consumer loans book

Source: Sainsbury's Bank

Detailed performance data and information is made available electronically on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com) and incorporated by reference into this document.



## **SERVICING OF COLLECTIONS**

Pursuant to the Servicing Agreement, the Issuer has appointed Sainsbury's Bank plc as Servicer for the purposes of servicing the Purchased Receivables. In particular, pursuant to the Servicing Agreement, the Servicer has undertaken to service the Portfolio and to perform its duties under the terms and conditions set out in the Servicing Agreement in accordance with all applicable laws and regulations, the Credit and Collection Procedures and pursuant to specific instructions that, on certain conditions, may be given to it by the Issuer or, as applicable, the Security Trustee from time to time. The Servicing Agreement also provides that following the occurrence of a Back-Up Servicer Event, the Back-Up Servicer Facilitator will assist the Servicer to enter into a back-up servicing agreement with a suitable back-up servicer. See "*Overview of the Transaction Documents – Servicing Agreement*".

## **CASH MANAGEMENT**

Pursuant to the Account Bank Agreement, the Account Bank will provide the Issuer with certain account holding services. Pursuant to the Cash Management Agreement, the Cash Manager will provide the Issuer with certain notification, reporting, calculation and cash management services in relation to monies from time to time standing to the credit of the Issuer Bank Accounts, to be applied in accordance with the Transaction Documents.

### **Cash Flow Sweeps**

Pursuant to the Servicing Agreement, on each Business Day the Servicer will determine the amounts referred to in paragraph (a) of the definition of Collections in respect of the Purchased Receivables which were paid into the Collections Account on the immediately preceding Business Day and procure that an amount equal to those Receipted Collections are paid into the Transaction Account on that Business Day (and if such day is not a Business Day the immediately following Business Day).

### **Monthly Cash Flows**

On or before each Calculation Date, the Cash Manager will make the necessary determinations and calculations under the Transaction Documents, in particular determining the Available Revenue Receipts and Available Principal Receipts to be distributed on the immediately following Interest Payment Date.

On each Interest Payment Date, the Cash Manager will apply Available Revenue Receipts and Available Principal Receipts on behalf of the Issuer in accordance with the applicable Priority of Payments set out in the Cash Management Agreement or, as applicable, the Deed of Charge.

### **Directions of the Cash Manager**

The Account Bank has agreed to effect payments from the Transaction Account in compliance with the directions of the Cash Manager until such time as the Account Bank receives a copy of a Note Acceleration Notice served by the Note Trustee on the Issuer or has notice of any enforcement action taken by the Security Trustee, to effect payments from the Transaction Account.

### **Ledger Accounts**

Pursuant to the Cash Management Agreement, the Cash Manager shall establish and maintain the Issuer Retained Profit Ledger, the Liquidity Reserve Ledger, the General Reserve Ledger, the Interest Rate Swap Ledger, the Reinvestment Ledger, the Revenue Deficiency Ledger and the Principal Deficiency Ledger (together the **Ledger Accounts**). On or before each Interest Payment Date, the Cash Manager will:

- (a) record amounts as appropriate on the Revenue Deficiency Ledger on each Interest Payment Date by:
  - (i) crediting the Revenue Deficiency Ledger by an amount equal to the amount transferred under item (a) of the Pre-Acceleration Principal Priority of Payments for such Interest Payment Date; and
  - (ii) debiting the Revenue Deficiency Ledger by an amount equal to the Revenue Deficiency for such Interest Payment Date;
- (b) record amounts as appropriate on the Liquidity Reserve Ledger by:
  - (i) crediting the Liquidity Reserve Ledger by an amount equal to the aggregate of:
    - (A) Reserve Proceeds under the Liquidity Reserve Deposit on the Closing Date; and



- (B) payments made in accordance with item (h) of the Pre-Acceleration Revenue Priority of Payments;
- (ii) debiting any amounts representing the credit balance of the Liquidity Reserve Ledger on each Interest Payment Date from the Closing Date as Available Revenue Receipts on each such Interest Payment Date to and including the Final Class A Interest Payment Date, save that following the service of a Note Acceleration Notice any credit balance of the Liquidity Reserve Ledger will be applied to redeem in full the Class A Notes pursuant to the Post-Acceleration Priority of Payments;
- (c) record amounts as appropriate on the General Reserve Ledger by:
  - (i) crediting the General Reserve Ledger by an amount equal to the aggregate of the payments made in accordance with item (j) of the Pre-Acceleration Revenue Priority of Payments;
  - (ii) debiting any amounts representing the credit balance of the General Reserve Ledger on each Interest Payment Date as Available Revenue Receipts on each such Interest Payment Date to and including the Final Class A Interest Payment Date, save that following the service of a Note Acceleration Notice any credit balance of the General Reserve Ledger will be applied to redeem in full the Class A Notes pursuant to the Post-Acceleration Priority of Payments;
- (d) record amounts as appropriate on the Issuer Retained Profit Ledger by:
  - (i) crediting the Issuer Retained Profit Ledger by an amount equal to the amount retained in respect of the Issuer Profit Amount in accordance with item (f) of the Pre-Acceleration Revenue Priority of Payments or item (o) of the Post-Acceleration Priority of Payments, as the case may be; and
  - (ii) debiting the Issuer Retained Profit Ledger by the lower of (i) all amounts applied to pay or discharge the Issuer's liability to corporation tax and (ii) the amount standing to the credit of the Issuer Retained Profit Ledger;
- (e) adjust as appropriate the Interest Rate Swap Ledger by:
  - (i) recording scheduled payments paid by the Issuer (or required to be paid by the Issuer but otherwise netted against other payments owing from the Swap Counterparty under the Swap Agreement) to the Swap Counterparty under the Swap Agreement; and
  - (ii) recording scheduled payments received by the Issuer (or required to be received by the Issuer but otherwise netted against other payments owing to the Swap Counterparty under the Swap Agreement) from the Swap Counterparty under the Swap Agreement;
- (f) during the Revolving Period only, record amounts as appropriate on the Reinvestment Ledger by:
  - (i) crediting the Reinvestment Ledger in accordance with item (c) of the Pre-Acceleration Principal Priority of Payments to the extent that such funds are not used for the purchase by the Issuer of any Further Receivables; and
  - (ii) debiting the Reinvestment Ledger in an amount equal to the funds used from the Reinvestment Ledger to purchase Further Receivables; and
  - (iii) following the termination of the Revolving Period, all amounts standing to the credit of the Reinvestment Ledger will form part of Available Principal Receipts;

- (g) record amounts as appropriate on the Principal Deficiency Ledger by:
  - (i) crediting the Class A Principal Deficiency Sub-Ledger by an amount equal to the amounts transferred under item (i) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date;
  - (ii) crediting the Class Z Principal Deficiency Sub-Ledger by an amount equal to the amounts transferred under item (I) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date; and
  - (iii) debiting the Principal Deficiency Ledger by an amount equal to the aggregate of (x) any Default Amount for such Calculation Period and (y) by an amount equal to the amount applied in accordance with item (a) of the Pre-Acceleration Principal Priority of Payments, in the following order:
    - (A) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; and
    - (B) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

#### **Application of Amounts in respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium**

Amounts received by the Issuer (or the Cash Manager on its behalf) in respect of Excess Swap Collateral, Swap Collateral (except to the extent that following the early termination of the Swap Agreement the value of such Swap Collateral has been applied, pursuant to the provisions of the Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early termination of the swap under the Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Swap Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap), Swap Tax Credits and Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty) shall, to the extent due and payable under the terms of the Swap Agreement, be paid by the Cash Manager on behalf of the Issuer directly to the Swap Counterparty without regard to the relevant Priority of Payments and in accordance with the terms of the Deed of Charge and the Swap Agreement.

#### **Priority of Payment**

##### **Pre-Acceleration Priority of Payments**

The Cash Manager will on behalf of the Issuer apply Available Revenue Receipts and Available Principal Receipts standing to the credit of the Transaction Account on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments.

##### **Pre-Acceleration Revenue Priority of Payments**

On each Interest Payment Date falling prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall apply or provide for application of the Available Revenue Receipts in accordance with the following **Pre-Acceleration Revenue Priority of Payments** (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, *pro rata* and *pari passu* to pay any fees, costs, expenses (including legal fees) and any other amounts (including by way of indemnity) due to:

- (i) the Security Trustee and any Appointee, together with interest and any amounts in respect of VAT (if any) on those amounts, and to make provision for any amounts due or to become due during the following Interest Period to the Security Trustee and any Appointee under the Deed of Charge; and
  - (ii) the Note Trustee or any Appointee appointed by the Note Trustee, together with interest and any amounts in respect of VAT (if any) on those amounts, and to make provision for any amounts due or to become due during the following Interest Period to the Note Trustee under the Trust Deed;
- (b) second, *pro rata* and *pari passu*, to pay any fees, costs, expenses (including legal fees), liabilities, any other amounts (including by way of indemnity) due to:
- (i) the Agent Bank and the Paying Agents together with interest and any amount in respect of VAT (if any) on those amounts, and any costs, charges, liabilities and expenses then due or to become due during the following Interest Period to the Agent Bank and the Paying Agents under the Agency Agreement;
  - (ii) the Listing Agent, together with any amounts in respect of VAT (if any) on those amounts;
  - (iii) the Cash Manager, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Cash Manager in the immediately succeeding Interest Period, under the Cash Management Agreement;
  - (iv) the Account Bank and, if applicable, the Custodian, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Account Bank in the immediately succeeding Interest Period, under the Account Bank Agreement or relevant custody agreement;
  - (v) the Corporate Services Provider, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
  - (vi) the Back-Up Servicer Facilitator, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period, under the Servicing Agreement; and
  - (vii) the Registrar, together with interest and any amount in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Registrar or to become due in the immediately succeeding Interest Period to the Registrar under the Agency Agreement;
- (c) third, to pay all amounts (if any) due and payable to the Swap Counterparty under the Swap Agreement (including termination payments but excluding any Subordinated Swap Amounts);
- (d) fourth, prior to any enforcement action taken by the Security Trustee in respect of the Security, to pay amounts due to any third party creditors of the Issuer (other than those referred to later in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer and, to the extent amounts credited to the Issuer Retained Profit Ledger are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer (as notified by the Issuer to the Cash Manager);

- (e) fifth, *pro rata* and *pari passu*, to pay amounts due to:
  - (i) the Servicer, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Servicer in the immediately succeeding Interest Period, under the Servicing Agreement;
  - (ii) any Back-Up Servicer, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Back-Up Servicer in the immediately succeeding Interest Period, under the provisions of any back-up servicing agreement;
  - (iii) prior to any enforcement action taken by the Security Trustee in respect of the Security, any auditors of, and other professional advisers to, the Issuer; and
  - (iv) to any party who is not a party to any Transaction Document to which the Issuer has delegated obligations in respect of EMIR (including any reporting or portfolio reconciliation obligations) or in respect of any agreements relating to EMIR according to the respective amounts due by the Issuer;
- (f) sixth, an amount equal to the Issuer Profit Amount to be retained by the Issuer;
- (g) seventh, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (h) eighth, to credit the Liquidity Reserve Ledger so that it equals the Liquidity Reserve Required Amount;
- (i) ninth, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (j) tenth, to credit the General Reserve Ledger so that it equals the General Reserve Required Amount;
- (k) eleventh, on the Final Class A Interest Payment Date, repayment to the Liquidity Reserve Provider of the Reserve Excess Amount;
- (l) twelfth, to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (m) thirteenth, to pay, *pro rata* and *pari passu*, interest due and payable on the Class Z Notes;
- (n) fourteenth, to pay any Subordinated Swap Amounts due and payable to the Swap Counterparty;
- (o) fifteenth, to pay any other amounts due and payable by the Issuer to any party under a Transaction Document not otherwise provided above; and
- (p) sixteenth, the surplus, if any, towards payment of any Deferred Purchase Price due to the Seller pursuant to the terms of the Receivables Sale Agreement.

### **Revenue Deficiency**

On each Calculation Date, the Cash Manager will determine whether the Available Revenue Receipts (excluding any Available Revenue Receipts referred to in items (f) and (g) of the definition of Available Revenue Receipts) will be sufficient to pay or provide for the payment of Senior Expenses and Class A Notes Interest Amount (being items (a) to (g) in the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments on the immediately following Interest Payment Date). If the Cash Manager determines that there is a deficiency in the amount of the Available

Revenue Receipts (excluding any Available Revenue Receipts referred to in items (f) and (g) of the definition of Available Revenue Receipts) to pay items (a) to (g) in the Pre-Acceleration Revenue Priority of Payments (the amount of any such deficit being a **Revenue Deficiency**), then the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay or provide for such Revenue Deficiency by applying amounts which constitute Available Principal Receipts (if any) (such amount the **Principal Additional Amounts**) to cover the deficit (and the Cash Manager shall make a corresponding entry against the Revenue Deficiency Ledger).

Available Principal Receipts will, if applicable, be applied as Available Revenue Receipts subject to and in accordance with the Pre-Acceleration Revenue Priority of Payment.

### **Pre-Acceleration Principal Priority of Payments**

On each Interest Payment Date prior to the service of a Note Acceleration Notice on the Issuer by the Note Trustee, the Cash Manager (on behalf of the Issuer) shall apply or provide for an application of the Available Principal Receipts in accordance with the following **Pre-Acceleration Principal Priority of Payments** (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, by way of credit to the Revenue Deficiency Ledger, an amount equal to the Principal Additional Amounts to be applied to meet any Revenue Deficiency;
- (b) second, during the Revolving Period only, to pay principal on the Class Z Notes until the principal amount outstanding of the Class Z Notes is equal to £121,200,000 (the **Class Z Note Minimum Principal Amount**);
- (c) third, during the Revolving Period only, to pay any Further Receivables Purchase Price due and payable to the Seller in accordance with the provisions of the Receivables Sale Agreement if such Interest Payment Date is a Further Purchase Date;
- (d) fourth, during the Revolving Period only, to the extent not used under item (c), to credit all remaining Available Principal Receipts to the Reinvestment Ledger;
- (e) fifth, after the end of the Revolving Period, to pay, *pro rata* and *pari passu*, in accordance with the respective amounts thereof, principal on the Class A Notes until the Class A Notes are redeemed in full;
- (f) sixth, after the end of the Revolving Period, to pay principal on the Class Z Note until the Class Z Note are redeemed in full;
- (g) seventh, to apply any remaining amounts as Available Revenue Receipts (**Surplus Available Principal Receipts**).

### **Post-Acceleration Priority of Payments**

The Deed of Charge sets out the priority of distribution by the Security Trustee, following the service of a Note Acceleration Notice on the Issuer (known as the **Post-Acceleration Priority of Payments**), of amounts received or recovered by the Security Trustee (or a receiver appointed on its behalf).

The Security Trustee will apply amounts (other than amounts representing (i) any Excess Swap Collateral, which shall be returned directly to the Swap Counterparty (and, for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments)), (ii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty), (iii) any Swap Tax Credits, which shall be applied directly to the Swap Counterparty in accordance with the Cash Management Agreement, and (iv) in respect of the Swap Counterparty, prior to the

designation of an early termination date under a Swap Agreement and the resulting application of the Swap Collateral by way of netting or set-off, an amount equal to the value of all Swap Collateral provided by the Swap Counterparty to the Issuer pursuant to the Swap Agreement (and any interest or distributions in respect thereof)) received or recovered following enforcement of the Security as follows (in each case, only to the extent that payments of a higher order of priority have been made in full):

- (a) first, *pro rata* and *pari passu*, to pay any fees, costs, expenses (including legal fees) and any other amounts (including by way of indemnity) due to:
  - (i) the Security Trustee and any Receiver (including any administrative receiver) appointed by the Security Trustee or any Appointee, together with interest and any amount in respect of VAT (if any) on those amounts and any other amounts then due or to become due and payable to the Security Trustee and the receiver under the provisions of the Deed of Charge; and
  - (ii) the Note Trustee or any Appointee appointed by the Note Trustee, together with interest and any amount in respect of VAT (if any) on those amounts and any other amounts then due or to become due and payable to the Note Trustee under the provisions of the Trust Deed;
- (b) second, *pro rata* and *pari passu*, to pay fees, costs, expenses (including legal fees), liabilities, any other amounts (including by way of indemnity) due to:
  - (i) the Agent Bank and the Paying Agents, together with interest and any amount in respect of VAT (if any) on those amounts and any costs, charges, liabilities and expenses then due or to become due and payable to them under the provisions of the Agency Agreement;
  - (ii) the Cash Manager, together with any amount in respect of VAT (if any) on those amounts under the Cash Management Agreement;
  - (iii) to the Servicer, together with any amount in respect of VAT (if any) on those amounts under the Servicing Agreement
  - (iv) the Account Bank and, if applicable, the Custodian, together with any amount in respect of VAT (if any) on those amounts under the Account Bank Agreement and any relevant custody agreement;
  - (v) the Corporate Services Provider, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
  - (vi) the Back-Up Servicer Facilitator, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period, under the Servicing Agreement;
  - (vii) any Back-Up Servicer, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the back-up servicer in the immediately succeeding Interest Period, under the provisions of any back-up servicing agreement; and
  - (viii) the Registrar, together with interest and any amount in respect of VAT (if any) on those amounts under the Agency Agreement;
- (c) third, to pay all amounts (if any) due and payable to the Swap Counterparty under the Swap Agreement (including termination payments but excluding any Subordinated Swap Amounts);

- (d) fourth, *pro rata* and *pari passu*, to pay amounts due to any party who is not a party to any Transaction Document to which the Issuer has delegated obligations in respect of EMIR (including any reporting or portfolio reconciliation obligations) or in respect of any agreements relating to EMIR according to the respective amounts due by the Issuer;
- (e) fifth, to pay, *pro rata* and *pari passu*, amounts in respect of interest and principal due and payable on the Class A Notes until the Class A Notes are redeemed in full;
- (f) sixth, to pay, *pro rata* and *pari passu*, amounts in respect of interest and principal due and payable on the Class Z Notes until the Class Z Notes are redeemed in full;
- (g) seventh, to pay any Subordinated Swap Amounts due and payable to the Swap Counterparty;
- (h) eighth, to pay amounts due to any third party creditors of the Issuer (other than those referred to earlier in this priority of payments), which amounts have been incurred without breach by the Issuer of the Transaction Documents to which it is a party and for which payment has not been provided for elsewhere and, to the extent amounts credited to the Issuer Retained Profit Ledger are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
- (i) ninth, to pay any Reserve Excess Amount to the Liquidity Reserve Provider;
- (j) tenth, to pay an amount equal to the Issuer Profit Amount to be retained by the Issuer; and
- (k) eleventh, the surplus, if any, toward payment of any Deferred Purchase Price due to the Seller pursuant to the terms of the Receivables Sale Agreement.

Any events which trigger changes in the priorities of payments and any change in the priorities of payments which will materially adversely affect the repayment of the Notes shall be disclosed, without undue delay, in each case to the extent required under Article 21(9) of the Securitisation Regulation.

## ESTIMATED WEIGHTED AVERAGE LIFE OF THE NOTES

### Estimated average life of the Notes

The maturity and average life of the Rated Notes cannot be exactly predicted as the actual rate at which Collections and Recoveries will be received under the Portfolio and a number of other relevant factors are unknown. However, calculations as to the expected maturity and average life of the Rated Notes can be made on the basis of certain assumptions as set out below in this section.

### Structure of the Transaction

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent upon the receipt by the Issuer of Collections and Recoveries (if possible) by the Servicer in respect of the Purchased Receivables comprising the Portfolio. The amortisation of the Notes is therefore closely associated with the payments of the Purchased Receivables. An analysis of the average life of the Rated Notes can therefore be made by analysing the projected cash flows of the Portfolio.

### Weighted average life

The expression "weighted average life" refers to the average amount of time that will elapse from the date of issuance of a Note to the date of distribution to the investor of amounts distributed in net reduction of principal of such Note (assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Purchased Receivables in the Portfolio.

### Structuring Assumptions

The table set forth below was produced using a financial model in which, among other things, it is assumed that prepayments occur in respect of the Purchased Receivables included in the Portfolio each month at the indicated assumed constant per annum rates of prepayment (**CPR**) relative to the then outstanding current balances of such Purchased Receivables. CPR does not purport to be either a historical description of the prepayment experience of any pool of Purchased Receivables or a prediction of the expected rate of prepayment of Purchased Receivables, including the Purchased Receivables to be included in the Portfolio. CPR is an annual prepayment rate.

The table set forth below was prepared on the basis of the characteristics of the Receivables to be included in the Portfolio and the following additional assumptions, including that:

- (a) no Purchased Receivable is sold by the Issuer (including as a result of a repurchase by the Seller);
- (b) no delinquencies or defaults arise on any Purchased Receivable and no Defaulted Receivables or COVID-19 Affected Receivables are repurchased under the Receivables Call Option;
- (c) no debits have been recorded on the Principal Deficiency Ledger;
- (d) the Clean-Up Call option to redeem the Notes in whole in accordance with Condition 6.2(c) (*Optional redemption for taxation or other reasons*) is exercised on the first Interest Payment Date that such option is exercisable by the Issuer;
- (e) no Revolving Period Termination Event has occurred;
- (f) the Revolving Period ends on (but including) the Interest Payment Date in November 2023;



- (g) during the Revolving Period, all amounts credited to the Reinvestment Ledger are used to acquire Further Receivables and the amortisation profile of the each pool of Further Receivables will not change from the amortisation profile of the Initial Portfolio;
- (h) each pool of Further Receivables is acquired on an Interest Payment Date;
- (i) the first Interest Payment Date is on 27th December 2020 (subject to adjustment in accordance with the Business Day convention);
- (j) all Interest Payment Dates occur on the 27th day of each calendar month;
- (k) the Notes are issued on the Closing Date, being 11th November 2020;
- (l) the Purchased Receivables are subject to a constant annual rate of prepayment as shown in the table below; and
- (m) the weighted average life calculation is based on Actual/365 fixed and no adjustment in accordance with the Business Day Convention was made.

The actual characteristics and performance of the Purchased Receivables in the Portfolio are likely to differ from the assumptions used in preparing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that those Purchased Receivables will prepay at a constant rate until the Final Redemption Date, that all of those Purchased Receivables will prepay at the same rate or that there will be no defaults, voluntary terminations or delinquencies on those Purchased Receivables. Any difference between such assumptions and the actual characteristics and performance of those Purchased Receivables will cause the weighted average life of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR. Subject to the foregoing discussions and assumptions, the following tables indicate the weighted average lives of the Notes in years.

#### **Initial Portfolio amortisation profile**

<b>Month</b>	<b>Estimated contractual amortisation schedule of the portfolio</b>	<b>Estimated contractual scheduled amortisation amount</b>
0	100.00%	
1	97.49%	2.51%
2	94.96%	2.59%
3	92.43%	2.67%
4	89.88%	2.75%
5	87.33%	2.84%
6	84.77%	2.93%
7	82.21%	3.02%
8	79.66%	3.10%
9	77.13%	3.18%
10	74.61%	3.26%
11	72.11%	3.35%
12	69.62%	3.45%
13	67.15%	3.55%

14	64.70%	3.65%
15	62.26%	3.77%
16	59.84%	3.89%
17	57.46%	3.98%
18	55.12%	4.06%
19	52.82%	4.17%
20	50.56%	4.29%
21	48.33%	4.41%
22	46.13%	4.54%
23	43.97%	4.69%
24	41.84%	4.84%
25	39.74%	5.02%
26	37.67%	5.20%
27	35.63%	5.42%
28	33.62%	5.65%
29	31.66%	5.82%
30	29.77%	5.97%
31	27.94%	6.15%
32	26.17%	6.34%
33	24.46%	6.54%
34	22.80%	6.78%
35	21.18%	7.07%
36	19.62%	7.40%
37	18.09%	7.76%
38	16.62%	8.16%
39	15.19%	8.62%
40	13.79%	9.21%
41	12.49%	9.42%
42	11.30%	9.52%
43	10.20%	9.72%
44	9.18%	10.01%
45	8.23%	10.32%
46	7.35%	10.67%
47	6.54%	11.11%
48	5.79%	11.47%
49	5.10%	11.88%
50	4.47%	12.30%
51	3.90%	12.77%
52	3.39%	13.22%
53	2.95%	12.82%
54	2.61%	11.72%
55	2.34%	10.04%
56	2.13%	9.10%
57	1.96%	8.23%

58	1.78%	8.76%
59	1.62%	9.30%
60	1.46%	9.89%
61	1.30%	10.64%
62	1.15%	11.50%
63	1.01%	12.62%
64	0.87%	14.02%
65	0.74%	14.32%
66	0.64%	14.18%
67	0.55%	14.08%
68	0.47%	14.53%
69	0.39%	15.75%
70	0.33%	17.09%
71	0.26%	19.02%
72	0.21%	20.77%
73	0.16%	23.67%
74	0.12%	27.72%
75	0.08%	33.00%
76	0.05%	41.08%
77	0.02%	50.25%
78	0.01%	64.59%
79	0.00%	75.95%
80	0.00%	100.00%

**Weighted Average Life of the Rated Notes (in years)**

Class A Notes			
CPR	WAL (in years)	First Principal Payment	Expected Maturity
0.00%	4.00	Dec-23	Dec-25
5.00%	3.96	Dec-23	Nov-25
10.00%	3.92	Dec-23	Oct-25
15.00%	3.88	Dec-23	Sep-25
20.00%	3.84	Dec-23	Aug-25

## CONSUMER CREDIT REGULATION IN THE UK

### *Consumer Credit Act 1974*

A credit agreement is regulated by the CCA, for agreements made on or after 1 April 2014, if it is a regulated credit agreement for the purposes of Chapter 14A of Part 2 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) (the **RAO**), i.e. if it involves the provision of credit of any amount by a lender to an individual or "relevant recipient of credit" (which includes certain small partnerships and certain unincorporated associations) and does not fall within any of the exemptions set out in articles 60C to 60H of the RAO.

The main consequences of a credit agreement being regulated by the CCA are described in paragraphs (i) to (x) below .

- (i) The originator and any credit broker has to comply with authorisation and permission requirements and the credit agreement must comply with origination requirements. If they do not comply with those requirements, then it is unenforceable against the customer: (a) without an order of the Financial Conduct Authority (the **FCA**) or the court (depending on the facts), if the lender or any broker did not hold the required authorisation and permission(s) at the relevant time; or (b) without a court order, if other origination requirements as to pre-contract disclosure, documentation and procedures are not complied with and, in exercising its discretion whether to make the order, the court will take into account any prejudice suffered by the customer, the court's power to reduce or discharge sums owed to compensate for prejudice caused, to suspend or place conditions on enforcement or amend an agreement or security, and any culpability by the lender. Should an Underlying Agreement be unenforceable against a customer without a court order, the lender cannot guarantee that a court order could be obtained if required.
- (ii) The customer has a right to withdraw from the credit agreement (subject to certain exceptions) and may give notice to withdraw at any time during the 14 days starting with the day after the relevant day (as defined in section 66A(3) of the CCA) according to the origination procedures. If the customer withdraws, then: (a) the customer is liable to repay to the lender any credit provided and the interest accrued on it; (b) the customer is not liable to pay to the lender any compensation, fees or charges except any non-returnable charges paid by the lender to a public administrative body; and (c) any ancillary service relating to the agreement which is or is to be provided by the lender, or a third party on the basis of an agreement between the third party and the lender is treated as if it had never been entered into.
- (iii) The credit agreement is unenforceable against the customer for any period when the lender fails to comply with CCA requirements as to periodic statements, arrears notices, notices of default sums or default notices (although any such unenforceability may be cured prospectively by the lender remedying the breach). Further, the customer is not liable to pay interest or default fees for any period when the lender fails to comply with requirements as to periodic statements or arrears notices and interest on default fees is restricted to zero until the 29th day after the day on which a compliant notice of default fees is given and then to simple interest (i.e. interest may only be calculated on the principal amount of the default fee).
- (iv) The customer is not liable to pay default interest at a higher rate than the non-default interest rate or (where the non-default interest rate is 0 per cent.) at a higher rate than the annual percentage rate of the total charge for credit (the **APR**). This means that, for example, where the Underlying Agreement imposes 0 per cent. APR, then the customer is not liable to pay default interest at all.
- (v) The customer is entitled to settle the credit agreement early by giving notice and paying the amount payable on early settlement. The amount payable by the customer on early settlement of the credit

agreement (whether on early repayment by the customer, or on termination by the lender for repudiatory breach by the customer, or otherwise) is restricted by formula under the CCA.

- (vi) The court has power to give relief to the customer. For example, the court may: (a) make a time order, giving the customer time to pay arrears or to remedy any other breach; (b) impose conditions on, or suspend, any order made by the court in relation to the credit agreement or any goods supplied under that agreement; and (c) amend the credit agreement in consequence of a term of an order made by the court under the CCA.
- (vii) The court has power under section 140B of the CCA to determine that the relationship between the lender and the customer arising out of the credit agreement (whether alone or with any related agreement) is unfair to the customer. This power applies to most exempt credit agreements, as well as to regulated agreements. If the court makes the determination, then it may make an order, among other things, requiring the originator, or any assignee such as the Issuer, to repay any sum paid by the customer. In deciding whether to make the determination, the court is required to have regard to all matters it thinks relevant, including the lender's conduct before and after making the credit agreement, and may make the determination even after the relationship has ended. Once the customer alleges that an unfair relationship exists, then the burden of proof is on the lender to prove the contrary. The Supreme Court has given general guidance in respect of unfair relationships in *Plevin v Paragon Personal Finance Ltd* [2014] 1 WLR 4222. The Supreme Court clarified that compliance with the relevant regulatory rules by the lender (or a person acting on behalf of the lender) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. In addition, it is possible that certain clauses of the Underlying Agreements may be found to be unfair under the CRA (as applicable and as defined below) without necessarily giving rise to an unfair relationship. For example, the term may be insufficiently central to the relationship between the parties as to make the relationship as a whole unfair to the debtor. This will depend upon the facts of the individual case. Equally, a term may not be unfair for the purposes of the CRA but may still trigger consideration of whether there is an unfair relationship within the meaning of the CCA. The possible unenforceability of liabilities due to an underlying agreement constituting an unfair relationship may result in unrecoverable losses on the Purchased Receivables to which such agreements apply. Accordingly, this may result in adverse consequences such as a loss on the notes or early redemption of the Notes. (Please see "*Consumer Rights Act 2015*" below for further details on the CRA regimes).
- (viii) The regulator for consumer credit is the FCA or, before 1 April 2014, was the Office of Fair Trading (the **OFT**). Sainsbury's Bank plc as the Seller and the Servicer was authorised by the FCA on 1 December 2001 and holds Part 4A permission from the FCA for its regulated activities relating to consumer credit. Sainsbury's Bank plc is an FCA authorised person for the purposes discussed in paragraphs (ix) and (x) below.
- (ix) A customer who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an FCA authorised person of a rule under the FSMA. From 1 April 2014, such rules include rules in the FCA Consumer Credit sourcebook (**CONC**), which transposes certain requirements previously made under the CCA and in OFT guidance. The customer may set off the amount of the claim for contravention of CONC against the amount owing by the customer under the credit agreement or any other credit agreement he has taken with the authorised person. Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.
- (x) The Financial Ombudsman Service (**FOS**) is an out-of-court dispute resolution scheme with jurisdiction to determine complaints by eligible complainants against authorised persons under the FSMA relating to conduct in the course of specified regulated activities including in relation to consumer credit. The FOS is required to determine each case individually, with reference to its particular facts and by reference to what is, in its opinion, fair and reasonable in all the circumstances of the case, taking into account, among other things, law and guidance, and may order a money award

to the customer. The FCA published final rules in December 2018 extending access to FOS compensation to more SMEs, as well as larger charities and trusts, and a new category of personal guarantors. The rules came into force on 1 April 2019. In March 2019, the FCA published Policy Statement PS 19/8 entitled "Increasing the award limit for the Financial Ombudsman Service". New rules have been introduced with effect from 1 April 2019 which increase the maximum level of compensation which can be awarded by the FOS to (i) £350,000 for complaints about acts or omissions by firms on or after 1 April 2019 and (ii) £160,000 for complaints about acts or omissions by firms before 1 April 2019 and which are referred to the FOS after that date. For claims brought before 1 April 2019 in respect of acts or omissions by firms which also took place before that date, the old limit of £150,000 would still apply. Additionally, the compensation limit will be automatically adjusted each year for inflation from 1 April 2020 onwards. From 1 April 2020, the FOS award limit changed to £355,000 for complaints referred on or after 1 April 2020 about acts or omissions by firms on or after 1 April 2019. Given the way the FOS makes its decisions, it is not possible to predict how any future decision of the FOS would affect the Issuer's ability to make payments in full when due on the Notes.

- (xi) The Seller has interpreted certain technical rules under the CCA in a way common with many other lenders in the consumer finance market. If such interpretation were held to be incorrect by a court or other dispute resolution authority, then the Underlying Agreement may be unenforceable, and in the case of post contractual settlements and notices the Seller may not be able to recover interest and charges on the loans, as described above. If such interpretation were challenged by a significant number of Customers, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts. Lenders have historically pursued such debts as though they are simply enforceable, until such time as those defects were raised by the borrower and/or the court in any claim. To mitigate the risks associated with this approach, lenders currently rely on the decision in *McGuffick v Royal Bank of Scotland* [2010] 1 All ER 634, in which the High Court ruled that, in relation to agreements which were unenforceable by reason of failures to provide copies under section 77 and 78 of the CCA, steps which fell short of obtaining a court judgment against the borrower were not "enforcement" within the meaning of the CCA. If, however, a court or the FCA were to take a view that lenders are required to notify borrowers of such defects before pursuing enforcement, this would represent a significant compliance cost. It should thus be borne in mind that enforcement may be a lengthier and more costly process in future. There is also the possibility that claims management companies encourage customers to raise technical CCA compliance issues against financial institutions.

### *Consumer Rights Act 2015*

The Consumer Rights Act (the **CRA**) reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime for unfair contract terms out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the Unfair Terms in Consumer Contracts Regulations 1999 (the **UTCCR**). On 1 October 2015 (the **CRA Commencement Date**), certain sections of the CRA revoked the UTCCR, and introduced a new regime for dealing with unfair contractual terms with respect to contracts entered into on or after the CRA Commencement Date. The UTCCR will continue to apply to contracts entered into prior to the CRA Commencement Date as described above.

Where the CRA applies, it renders unenforceable unfair terms in business-to-consumer contracts (subject to certain exceptions). A consumer may challenge a term in a contract on the basis that it is unfair and not binding on the consumer (although the rest of the contract continues to bind the parties if it is capable of continuing in existence without the unfair term). Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail.

A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. The CRA also applies

substantially the same test of fairness to consumer notices and generally refers to term and notices interchangeably. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

The CMA is the UK's national competition and consumer authority and therefore principal enforcer of the CRA. However, the CMA and the FCA concurrently supervise unfair terms under the CRA. There is a Memorandum of Understanding dated 12 January 2016 that outlines the nature of this arrangement. Importantly, the Memorandum of Understanding clarifies that it is the FCA's responsibility to consider fairness within the meaning of the CRA in financial services contracts entered into by authorised firms or appointed representatives and take action where appropriate. The CMA published guidelines on 31 July 2015 (reference CMA37) to support the CRA. On 19 December 2018, the FCA published finalised guidance outlining factors the FCA considers firms should have regard to when drafting and reviewing variation terms in consumer contracts (FG18/7). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA states that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a court would find a term to be unfair. It is therefore possible that any Underlying Agreements made with consumers may contain unfair terms, which may result in the possible unenforceability of those unfair terms. No assurance can be given that any regulatory action or guidance in respect of the CRA will not have a material adverse effect on the Underlying Agreements and accordingly on the Issuer's ability to make payments in full when due on the Notes.

### ***Consumer Protection from Unfair Trading Regulations 2008***

The Consumer Protection from Unfair Trading Regulations 2008 (the **UTR**) prohibit unfair business-to-consumer commercial practices before, during and after a consumer contract is made. The UTR do not currently give any claim, defence or right of set-off to an individual consumer. Breach of the UTR does not (of itself) render an agreement void or unenforceable, but the possible liabilities for misrepresentation or breach of contract in relation to agreements may result in irrecoverable losses on amounts to which such agreements apply. The Consumer Protection (Amendment) Regulations 2014 have amended the UTR with effect from 1 October 2014 so as to give consumers a right to redress for prohibited practices, including a right to unwind agreements.

The UTR require the Competition and Markets Authority (or prior to 1 April 2014, the OFT) and local trading standards authorities to enforce the UTR by prosecution or by seeking an enforcement order to prevent a business from carrying on unfair practices. In addition, the FCA (or prior to 1 April 2014, the OFT) addresses unfair practices in its regulation of consumer finance. No assurance can be given that any regulatory action, guidance in respect of the UTR or any changes to the UTR will not have a material adverse effect on the Underlying Agreements and accordingly on the Issuer's ability to make payments in full when due on the Notes.

### ***Consumer credit loans and coronavirus – FCA guidance for firms***

On 9 April 2020 the FCA published new guidance for, inter alia, consumer lenders in connection with the ongoing outbreak of COVID-19 in the UK which came into force on 14 April 2020. This guidance was updated on 1 July 2020 and effective as at 3 July 2020 until 31 October 2020 unless it is updated by the FCA before that time (the **FCA COVID-19 Guidance**). The FCA COVID Guidance is potentially relevant to enforcement cases and the FCA may take it into account when considering whether it could reasonably have been understood or predicted at the time that the conduct of the firm in question fell below the standards required by its Principles for Business, Principles 6 (treating customers fairly), Principle 7 (communications with customers must be clear, fair and not misleading), and CONC.

Amongst other things, this guidance provides that firms are required, where a customer is experiencing or reasonably expects to experience temporary payment difficulties as a result of circumstances relating to COVID-19, and wishes to receive a payment deferral, to grant a customer a payment deferral for up to 3 monthly payments. This is unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so.

Where a 3 month full payment deferral is not considered appropriate, firms should without unreasonable delay, offer other ways to provide temporary relief to customers in accordance with the obligation to treat customers fairly. This could include a partial payment deferral if the loss of income is partial or a payment deferral of fewer than 3 months if the loss of income is for a shorter period. Where a customer was in pre-existing financial difficulty, the FCA's existing rules and guidance would continue to apply in relation to that customer.

A "payment deferral" is defined in the FCA COVID-19 Guidance as an arrangement made on or after 9 April 2020, under or in anticipation of this guidance coming into force, under which a firm permits the customer to make no payments or reduced payments under their regulated credit agreement for a specified period without considering them to be in arrears. A "full payment deferral" means a payment deferral where the firm permits the customer to make no payments and "partial payment deferral" means a deferral where the firm permits the customer to make reduced payments of any amount.

The updated FCA COVID-19 Guidance also confirmed that where a customer, who has not yet had a payment deferral, is experiencing or reasonably expects to experience temporary payment difficulties as a result of circumstances relating to COVID-19, and wishes to receive a full payment deferral, a firm should agree to this for 3 months' worth of payments at any time until 31 October 2020. If a customer is granted a payment deferral that continues beyond 31 October 2020 then the firm is required to act in compliance with specified paragraphs of the FCA COVID-19 Guidance, which remain in force to the extent necessary for the firm to do so.

Where a customer (whether it is given a payment deferral under the original or the updated guidance) indicates they cannot immediately resume full payments at the end of that initial payment holiday, firms are required to offer them a further full or partial payment deferral (where the firm permits the customer to make reduced payments of any amount) for (a further) 3 monthly payments, based on what the customer considers they can then afford to repay unless such a full or partial payment deferral is obviously not in the customer's best interests and a different option is more appropriate. The effect of this is that firms could be required to give customers payment deferrals of up to 6 monthly payments.

Interest will continue to accrue on the sum temporarily unpaid as the result of a payment deferral, however no additional fee or charge may be levied. No additional fee or charge (other than accrued interest on the sum temporarily unpaid) may be levied as a result of the payment deferral. Where a customer remains unable to pay at the end of the initial or further payment deferral period, if such a customer is entitled to forbearance under existing FCA rules, firms are expected to waive any additional interest accrued during the payment deferral as soon as reasonably practicable at the end of the deferral period. The effect of this is to ensure that a customer would not, in respect of the deferred payments, be in a worse position in terms of interest, than if they had paid those amounts in full in accordance with the agreement.

Firms should also not report a worsening status on the customer's credit file during the payment deferral. Finally, where statutory notices and statements are required to be sent under the CCA, firms should provide suitable explanations or context within these statutory notices and statements to avoid confusion. Please see paragraph (iii) of "*Consumer Credit Act 1974*" above for an explanation of the statutory notices and statements, as well as the consequences of non-compliance with such requirements.

Finally, on 30 September 2020 the FCA has published draft additional Guidance (the **Additional FCA COVID-19 Guidance**) (which came into force on 2 October 2020) for firms on what should happen at the end of their existing COVID-19 Guidance in response to a Call for Input published on 31 July 2020. The Additional FCA COVID-19 Guidance confirms that the FCA COVID-19 Guidance will continue to apply to providing support to newly affected customers until 31 October 2020, with consumers able to receive an initial or further



3-month payment deferral until that date which could last until 31 January 2021. However it also sets out the FCA's expectations on how firms should support customers that have already benefitted from the FCA COVID-19 Guidance and remain in payment difficulties, and for newly affected customers, after 31 October 2020. This includes guidance in relation to:

- dealing with customers at the end of a payment deferral;
- reporting of arrears to credit reference agencies;
- treating customers fairly by delivering tailored and effective forbearance for customers, in accordance with the range of forbearance options available to firms under CONC 7;
- ensuring arrangements put in place to support customers are sustainable –i.e. an arrangement which does not adversely affect the ability of the customer to meet their essential living expenses and priority debts;
- preventing escalating debt once a customer has entered into a forbearance arrangement based on what they can afford to pay;
- customer engagement and communications with customers;
- governance oversight and staff training and competency requirements; and
- signposting and referring customers to appropriate money guidance or self-help tools or debt advice in a timely manner.

On 31 October 2020, the Government announced the UK would be entering into another national lockdown from 5th November 2020 due to the continuing spread of COVID-19. On 2nd November 2020, the FCA announced that it proposes to update its temporary COVID Guidance to continue to ensure continued support is available for customers financially impacted by COVID-19. On 4th November 2020, the FCA published draft updated guidance, amending its July FCA COVID Guidance (referring to it as the "Credit Payment Deferral Guidance") to provide that borrowers who have not yet had a payment deferral under the July FCA COVID Guidance, can request one which could last for up to 6 months, and borrowers who are currently benefitting from a first payment deferral under the July Guidance, would be able to apply for a second deferral. The Credit Payment Deferral Guidance will now expire on 31 January 2021, however will remain in force beyond 31 January 2021 for customers granted payment deferrals under that guidance which come to an end after 31 January 2021. The FCA has also updated its September Additional Guidance for firms, (referring to it as the "Tailored Support Guidance"), providing that borrowers that have already benefitted from two payment deferrals under the Credit Payment Deferral Guidance and are still experiencing payment difficulties should receive tailored support and be provided with appropriate forbearance in accordance with the guidance. The FCA is asking for comment on the proposals by 10am on Friday 6 November with the final guidance published as soon as possible after the comment period closes.

### ***Regulatory Developments***

On 16 September 2020 the FCA announced that it will undertake a review of the future regulation of the unsecured credit market, which will be reported to the FCA Board early 2021. The FCA published a webpage on 23 October 2020 setting out the terms of reference for the review including:

- to examine the current state of the unsecured credit market in the UK including the component parts, recent changes in size and scale, whether in regulated or in adjacent unregulated products;

- to examine changes in regulation, noting those areas that have been subject to regulatory oversight in recent years from a variety of bodies including the FCA (for example overdrafts or high cost credit), and comparing likely harms or dynamic effects seen in those areas; and
- to make conclusions and recommendations to the FCA Board on management of harms in this sector; gaps in understanding or data; potential changes in regulation for the FCA to consider; advice on potential changes to the overall system the FCA may wish to consider with other authorities or the Government; and possible innovations to support a sustainable market.

On 2nd November 2020, the FCA published a call for input entitled “Review into change an innovation in the unsecured credit market (The Woolard Review)” which sets out the four key themes of the review to be undertaken by Christopher Woolard and an advisory panel. These four themes are: (i) the drivers and use of credit; (ii) change and innovation in the supply of credit; (iii) the role of regulation in unsecured credit markets; and (iv) the impact of Covid-19 and the FCA’s response. The current members of the advisory panel were announced by way of an update to the FCA website on 2nd November 2020 although, the FCA will confirm additional members of the panel in due course. The review will include three roundtable meetings in November 2020 where each roundtable meeting will focus on a particular theme. The call for input asks stakeholders to provide comments on the questions posed by 1st December 2020 so that Christopher Woolard can present his report and recommendations to the FCA Board in the New Year 2021. It is not yet clear whether the review will lead to any legal or regulatory changes that will impact the provision of personal loans, and therefore whether there will be any impact on the yield obtained on the Portfolio.

On 15 July 2020, the draft Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (Breathing Space Regulations) were laid before Parliament, which will implement a new breathing space scheme from 4 May 2021. The scheme would allow individuals struggling with problem debt an extra 60 days to get their finances under control, while they receive debt advice via professional debt advice providers in order to enter an appropriate debt solution. The scheme also provides for an alternative means to access the protections of a moratorium where individuals are receiving mental health crisis treatment, which will enable the protections to be in place for the duration of their crisis treatment. No interest and fees on debts can be charged and almost all enforcement action will be paused during the moratorium period. However individuals would not be protected from enforcement action on any debts arising from failure to pay ongoing household liabilities, such as rent or mortgage payments. The breathing space will include almost all personal debts and therefore the Seller will be required to implement the requirements of the scheme for customers that meet the eligibility criteria for entry into the scheme, therefore this could result in adverse consequences for Noteholders’ investment in the Notes including reduced or delayed payments on the Notes or a reduction in the credit quality or credit rating of the Notes. On 21 October 2020 the FCA published a consultation paper (CP20/21) outlining changes to the FCA Handbook as a result of the Breathing Space Regulations. The proposed changes amend certain parts of CONC to clarify how the rules will apply where the Breathing Space Regulations also apply. The FCA is seeking views on the proposals, and the deadline for responses to the consultation is 6 January 2021. The Government intends to publish guidance on the Breathing Space Regulations for creditors and debt collectors giving debt advice.

There are also pending legislative changes to loan documentation. On 7 October 2020 HM Treasury announced that as part of the Government’s effort to support people in problem debt, it will legislate to change the language and presentation of information in debt letters (i.e. Default Notices), providing that the new rules will make debt letters less threatening by restricting the amount of information that must be made prominent and requiring lenders to use bold or underlined text rather than capital letters. Lenders will also now be able to replace legal terms with more widely understood words and letters will clearly signpost people to the best sources of free debt advice. The new rules will be delivered through secondary legislation and are expected to come into force in December 2020. All lenders will then be required to make the changes within six months, however to date the draft statutory instrument confirming the changes has not yet been published. The Seller will need to ensure the relevant changes are made to its template Default Notices in accordance with the implementation timescale in order to ensure the Default Notice remains valid under section 87 and 88 CCA,

and does not impact the enforceability of the Portfolio, as a result of non-compliance with the form and content requirements of the Consumer Credit (Enforcement, Default and Termination Notices) Regulations 1983 (as amended).

Furthermore as a result of Brexit, there are legislative changes to the form the pre-contract information (SECCI), under the Consumer Credit (Amendment) (EU Exit) Regulations 2018. There are transitional provisions in place which will enable firms to disclose pre-contract information in accordance with the current form of SECCI for a period of 5 months following exit day. (The transitional provisions are contained in Regulation 40 of The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019, and the transitional period has been extended to 31 May 2021 by The Financial Services (Miscellaneous) (Amendment) (EU Exit) (No. 3) Regulations 2019 (Reg. 14)). The Seller will need to ensure the relevant changes are made to the template pre-contract information within the transitional period for new loans being originated, in order to ensure there is no risk of unenforceability under section 55 CCA, as a result of non-compliance with the form and content requirements of the Consumer Credit (Disclosure of Information) Regulations 2010.

## THE ISSUER

### Introduction

The Issuer was incorporated in England and Wales under the Companies Act 2006 on 24 July 2020 as a public company with limited liability under the name of Drury Lane Funding 2020-1 Plc with company number 12767979. The registered office of the Issuer is 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom. The issued share capital of the Issuer is 50,000 ordinary shares of £1 each of which one share is fully paid and 49,999 shares are quarter-paid and all shares are held by Holdings. The entire issued share capital of Holdings is held on trust by CSC Corporate Services (UK) Limited under the terms of a share trust deed dated 8 October 2020 (the **Share Trust Deed**) under a discretionary trust for discretionary purposes. The Issuer has no subsidiaries.

### Principal Activities

The Issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset-backed securities. The Issuer is permitted, pursuant to the terms of its Articles of Association, *inter alia*, to issue the Notes and to acquire the Purchased Receivables and the Ancillary Rights.

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

There is no intention to accumulate surpluses in the Issuer.

The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 3 (Covenants).

### Directors and Company Secretary

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

Name	Business Address	Principal Activities
CSC Directors (No.1) Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
CSC Directors (No.2) Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director

The company secretary of the Issuer is CSC Corporate Services (UK) Limited.

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

The Directors of CSC Directors (No.1) Limited and CSC Directors (No.2) Limited and their business addresses and principal activities are as follows:

Name	Business Address	Principal Activities
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Lara Nasato	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Charmaine De Castro	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Constantinos Kleanthous	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
J-P Nowacki	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Jonathan Hanly	3rd Floor Fleming Court, Fleming's Place, Dublin 4, Ireland	Director
Vinoy Nursiah	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director

The Directors of CSC Directors (No.1) Limited and CSC Directors (No.2) Limited have no other relevant principal activities to be reported in connection with this transaction.

### **Capitalisation Statement**

The following table shows the capitalisation of the Issuer as at the date of this Offering Circular:

#### **Share capital**

##### *Issued:*

50,000 ordinary shares of £1 each, 49,999 issued and paid up as to £0.25 and one £15,432.00 issued fully paid share

#### **Auditors**

The Issuer's auditors as at the Closing Date are Ernst & Young, a professional services firm regulated by the Financial Reporting Council. The Issuer's financial year end will be 28 February.

## HOLDINGS

### Introduction

Holdings was incorporated in England and Wales under the Companies Act 2006 on 23 July 2020 as a private company with limited liability under the name Drury Lane Holdings 2020-1 Limited with company number 12763800. The registered office of Holdings is at 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom. The share capital of Holdings is one ordinary share of £1 which is issued and is credited as fully paid. The entire issued share capital of Holdings is held on trust by CSC Corporate Services (UK) Limited under the terms of a declaration of trust dated 8 October 2020 on a discretionary trust for discretionary purposes.

### Principal Activities of Holdings

Pursuant to the terms of its Articles of Association, Holdings is permitted, *inter alia*, to hold shares in the Issuer. Holdings has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and those matters referred to or contemplated in this document and any matters which are incidental or ancillary to the foregoing.

### Directors and Company Secretary of Holdings

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

Name	Business Address	Principal Activities
CSC Directors (No.1) Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
CSC Directors (No.2) Limited	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Jonathan Hanly	3rd Floor Fleming Court, Fleming's Place, Dublin 4, Ireland	Director
Vinoy Nursiah	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director

The company secretary of Holdings is CSC Corporate Services (UK) Limited.

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

The directors of CSC Directors (No.1) Limited and CSC Directors (No.2) Limited and their business addresses and principal activities are:

Name	Business Address	Principal Activities
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Lara Nasato	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Charmaine De Castro	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
Constantinos Kleanthous	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director
J-P Nowacki	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	Director

### **THE BACK-UP SERVICER FACILITATOR**

The role of the Back-Up Servicer Facilitator will be performed by CSC Capital Markets UK Limited.

The Back-Up Servicer Facilitator will be appointed pursuant to the terms of the Servicing Agreement.

The Servicing Agreement provides that following a Back-Up Servicer Event, the Back-Up Servicer Facilitator will assist the Servicer to appoint a suitable back-up servicer and enter into a back-up servicing agreement with the back-up servicer.



## THE SELLER, ORIGINATOR, LIQUIDITY RESERVE PROVIDER AND SERVICER

### General

Sainsbury's Bank plc (**SB**) is, as at the Closing Date, acting in several capacities, including as Seller in its capacity of seller of the Purchased Receivables to the Issuer pursuant to the Receivables Sale Agreement, and has also been appointed as Servicer under the Servicing Agreement to service the Purchased Receivables.

SB was incorporated in 1996 as a public limited company and is registered with UK Companies House with company number 03279730. It has its registered office at 33 Holborn, London EC1N 2HT, United Kingdom. The company was formerly known as Aitken Limited and adopted its current name on 10 February 2007.

SB is regulated by the FCA in relation to conduct of business matters and by the UK Prudential Regulation Authority (**PRA**) in relation to prudential requirements. SB is authorised by the PRA, and licensed with the FCA under register number 184514 to carry on credit-related regulated activity.

SB's operations are predominantly based in Edinburgh and London and, in respect of Travel Money, nationwide via the Sainsbury's Supermarket estate. On average, it employed 1,738 full-time equivalent employees during the year ended 29 February 2020.

For the purposes of Article 20(10) of the Securitisation Regulation, SB's business has included the origination, underwriting and servicing of receivables similar to those included in the portfolio for significantly more than five years.

### Products

SB's principal activities consist of four core business lines: banking products, insurance, travel money and automated teller machines.

SB's banking products consist of loans, credit cards, mortgages and savings accounts. New mortgages lending ceased in Sept 2019 and the mortgages book has now entered the run-down phase. The insurance products consist of pet, car, home, life and travel insurance products. SB offers these financial products directly to the customers. SB's services are primarily provided via online and telephone channels. SB does not operate any standalone or store-based branches. SB's credit cards, mortgages, travel money, automated teller machine services and insurance products will not constitute Eligible Receivables.

At February 2020, SB provided services to over 2.1m customers in the United Kingdom and total customer lending was £6.5bn.

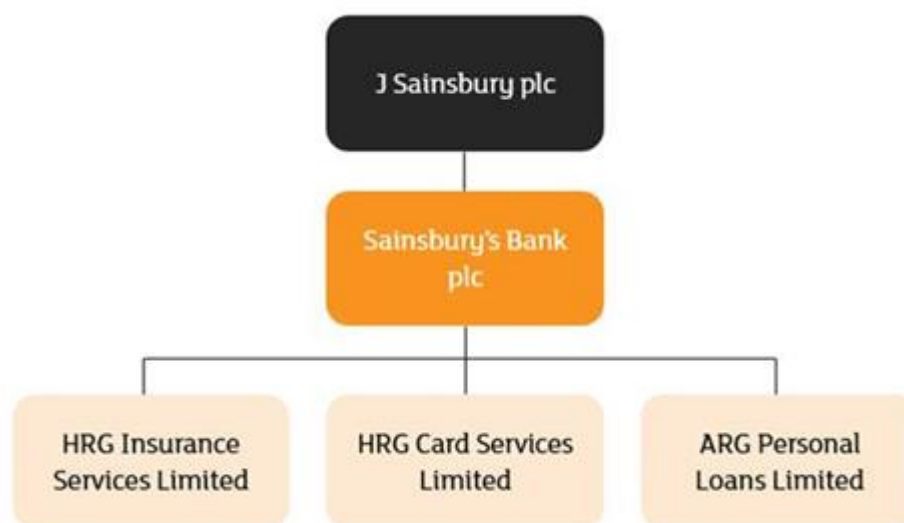
SB has 23 years' expertise in originating credit exposures of a similar nature to the Receivables which are to be transferred to the Issuer.

See the section entitled "*Characteristics of the Portfolio*" for further information on the Receivables forming part of this transaction.

### History

SB commenced trading in February 1997. It was originally set up as a 55:45 joint venture between J Sainsbury plc and Bank of Scotland (later a subsidiary of the Lloyds Banking Group). The joint venture became a 50:50 arrangement in February 2007 following the sale of 5 per cent. of the issued share capital from J Sainsbury plc to Bank of Scotland. SB is now owned by J Sainsbury plc, following the purchase of the 50 per cent. stake owned by Lloyds Banking Group on 31st January 2014. As part of the J Sainsbury plc acquisition of Home Retail Group plc in September 2016, SB acquired 100% of the ordinary share capital of three subsidiary undertakings, collectively known as Argos Financial Services (**AFS**).

## Group Structure Chart



SB's financial statements present the standalone financial performance and position of Sainsbury's Bank and do not consolidate the AFS subsidiaries. However, the risks associated with AFS business are managed in line with the Group-wide risk framework, with a suite of risk appetite measures in place for AFS and tracked within the wider Group governance structure.

### Servicing

SB, as the Servicer, has dedicated and specialist teams to ensure the smooth running of its business.

The centre is made up of a total of approximately 96 full-time employees, including telephony personnel savings and loans, spread across two departments.

The Servicer has six years' expertise in servicing exposures of a similar nature to the Purchased Receivables and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of the Receivables.

As at the Closing Date, all of the servicing functions of the Servicer under the Servicing Agreement and the other Transaction Documents will be carried out by SB.

### Collections & Recoveries

SB, as the Servicer, has dedicated and specialist collections and recoveries teams whose role is to ensure the smooth running of its business. Collections and recoveries servicing relating to arrears management is undertaken by specialist third party providers, such as Westcot Credit Services Ltd, each appointed by SB and which are subject to comprehensive SB governance and oversight activity. These partners are contractually obliged to adhere to all SB policy standards, with SB remaining accountable for service delivery.

The principle collections servicing centre is made up of approximately 130 full-time agent employees. The team has great experience in the fields of personal loans and credit cards and works with its own back office and supervisory management full-time employees in the team.

Wescot Credit Services Ltd, has more than 35 years' expertise in servicing exposures of a similar nature to the Purchased Receivables and has well-documented and adequate policies, procedures and risk-management

controls relating to the servicing of the Receivables. Wescot Credit Services Ltd is independently regulated by the FCA.

As at the Closing Date, all of the servicing functions of the Servicer under the Servicing Agreement and the other Transaction Documents will be carried out by SB or its appointed collections and recoveries business process outsourcing servicer.

Please see the section entitled "*Overview of the Transaction Documents*" for the details relating to the services provided to the Issuer by the Servicer under the Servicing Agreement.

### **Information regarding the Policies and Procedures of the Seller**

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits (as to which, please see in the section entitled "*Characteristics of the Portfolio*" and "*Overview of the Transaction Documents*");
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Portfolio will be serviced in line with the usual servicing procedures of the Seller (please see further the section entitled "*Overview of the Transaction Documents*");
- (c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy (as to which, in relation to the Portfolio, please see the section entitled "*Characteristics of the Portfolio*"); and
- (d) policies and procedures in relation to risk mitigation techniques (as to which, please see the sections entitled "*Characteristics of the Portfolio*" and "*Overview of the Transaction Documents*").
- (e) IT governance to ensure system changes are developed and tested to robust standards and in line with the Seller's policies;
- (f) operational risk systems to manage, report and resolve operational incidents.

## THE SWAP COUNTERPARTY

NatWest Markets Plc (**NWM Plc**) is a wholly-owned subsidiary of NatWest Group plc (the "**holding company**", formerly The Royal Bank of Scotland Group plc). NWM Plc helps its customers manage their financial risks and achieve their short-term and long-term financial goals, while navigating changing markets and regulation. In February 2020, the NatWest Group announced a new strategy that will require changes in the NWM Group's business, including significant reductions in capital allocated to the NWM Group, its cost base and complexity, over the medium to long term. The strategy also states that NWM Plc will be refocused to support a more integrated corporate and institutional customer offering for the NatWest Group.

The "NWM Group" comprises NWM Plc and its subsidiary and associated undertakings, including NatWest Markets N.V. which was acquired on 29 November 2019. The "NatWest Group" comprises the holding company and its subsidiary and associated undertakings, including the NWM Group.

As at 30 September 2020, the NWM Group had total assets of £286.3 billion and owners' equity of £9.9 billion and NWM Plc had a total capital ratio of 30.9% and a CET1 capital ratio of 22.3%. Further information relating to the NWM Group can be found in the NWM Group 2019 Annual Report and Accounts, in the NWM Group Q1 2020 Interim Management Statement, in the NWM Group Registration Document dated 13 May 2020 and any supplements thereto, in the NWM Group H1 2020 Interim Results, in the NWM Group Q3 2020 Interim Management Statement and other relevant filings or announcements, which can be found at <https://investors.rbs.com/regulatory-news/company-announcements.aspx>.

The long-term, unsecured and unsubordinated debt obligations of NWM Plc are rated 'A-' by S&P, 'A+' by Fitch and 'Baa2' by Moody's. NWM Plc's counterparty risk assessment is 'A3(cr)' by Moody's.

As at the date of this Prospectus, NWM Plc has securities admitted to trading on the regulated market of the London Stock Exchange.

## THE NOTE TRUSTEE AND SECURITY TRUSTEE

Citicorp Trustee Company Limited (**Citicorp**) was incorporated on 24 December 1928 under the laws of England and Wales and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with a company number 235914.

Citicorp is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware. Citicorp is regulated by the UK's Financial Conduct Authority.

Pursuant to the Trust Deed and Deed of Charge, the Note Trustee and the Security Trustee is required to take certain actions as described in "*Transaction Overview - Terms and Conditions of the Notes - Security*", and "*Terms and Conditions of the Notes*".

The Note Trustee and the Security Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties thereunder or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents.

This description of the Note Trustee and Security Trustee does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Transaction Documents.

The delivery of this Offering Circular does not imply that there has been no change in the affairs of the Note Trustee or Security Trustee since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

## **CREDIT STRUCTURE, LIQUIDITY AND HEDGING**

### **Credit Enhancement and Liquidity Support**

#### **Subordination**

Credit enhancement for the Class A Notes will be provided by the subordination of payments due in respect of the Class Z Notes in the applicable Priority of Payments.

The obligations of the Issuer to pay interest and to repay principal on the Notes will be subject to the applicable Priority of Payments and such amounts will only be payable to the extent that the Issuer has sufficient Available Revenue Receipts and Available Principal Receipts after making payment of all amounts required to be paid pursuant to the relevant provisions of the Cash Management Agreement or the Deed of Charge in priority to such payments. It follows that the rights of the Class Z Noteholders to receive payments of principal are subordinated to the rights of the Class A Noteholders which rank higher in the applicable Priority of Payments.

On an enforcement of the Security, the Class A Noteholders will have priority over the Class Z Noteholders that rank below them in respect of the Charged Property and the proceeds of enforcement.

#### **Liquidity Reserve and General Reserve**

Additional credit enhancement for the payment of interest on the Class A Notes only will be provided by the General Reserve, while the Liquidity Reserve provides liquidity support for interest on the Class A Notes so long as the Class A Notes are outstanding.

On the Closing Date, the Reserve Proceeds will be paid to the Issuer and the Issuer will use this amount to establish the Liquidity Reserve in the Transaction Account. Thereafter, on each Interest Payment Date, the Liquidity Reserve will be replenished from Available Revenue Receipts up to the Liquidity Reserve Required Amount in accordance with the item (h) of the Pre-Acceleration Revenue Priority of Payments and the General Reserve will be replenished up to the General Reserve Required Amount in accordance with item (j) of the Pre-Acceleration Revenue Priority of Payments.

On each Interest Payment Date prior to the service of a Note Acceleration Notice from the Closing Date to and including the Final Class A Interest Payment Date:

- (a) all amounts standing to the credit of the Liquidity Reserve Ledger shall be applied as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and shall be used for the payment of items (a) to (g) in the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments on that Interest Payment Date; and
- (b) all amounts standing to the credit of the General Reserve Ledger shall be applied as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and shall be used for the payment of items (a) to (i) in the Pre-Acceleration Revenue Priority of Payments in the order that they appear in the Pre-Acceleration Revenue Priority of Payments on that Interest Payment Date.

Following the service of a Note Acceleration Notice, all amounts standing to the credit of the Liquidity Reserve Ledger and the General Reserve Ledger will be applied in accordance with the Post-Acceleration Priority of Payments.

On the earlier of the Final Class A Interest Payment Date (provided that no Note Acceleration Notice has been served) and the Final Maturity Date, the Liquidity Reserve Required Amount and the General Reserve Required Amount shall be reduced to zero and an amount equal to the aggregate of (a) the Liquidity Reserve Required Amount as at the preceding Interest Payment Date; plus (b) the General Reserve Required Amount

as at the preceding Interest Payment Date (such amount representing the **Reserve Excess Amount**) shall be applied to repay the Reserve Proceeds initially advanced by the Liquidity Reserve Provider in accordance with item (k) of the Pre-Acceleration Priority of Payments.

The **Liquidity Reserve Required Amount** means:

- (a) up to the Final Class A Interest Payment Date:
  - (i) on the Closing Date an amount equal to 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; or
  - (ii) on the relevant Interest Payment Date an amount equal to the higher of
    - (A) 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately prior to the relevant Interest Payment Date; and
    - (B) 0.10 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; and
- (b) on the Final Class A Interest Payment Date and thereafter, zero.

The **General Reserve Required Amount** means:

- (a) up to the Final Class A Interest Payment Date, on the relevant Interest Payment Date the difference between:
  - (i) an amount equal to 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; and
  - (ii) the Liquidity Reserve Required Amount as at that Interest Payment Date; and
- (b) on the Final Class A Interest Payment Date and thereafter zero.

### **Principal Deficiency Ledger**

The Principal Deficiency Ledger has been established to record principal deficiencies that arise from Defaulted Receivables.

The Principal Deficiency Ledger comprises two sub-ledgers: the Class A Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger which correspond to the Class A Notes and the Class Z Notes, respectively.

On each Interest Payment Date the aggregate of (i) any Default Amount in respect of Purchased Receivables which have become Defaulted Receivables in the immediately preceding Calculation Period and (ii) an amount equal to the Principal Additional Amount to be applied as Available Revenue Receipts pursuant to the item (a) of the Pre-Acceleration Principal Priority of Payments, will be recorded on the Principal Deficiency Ledger.

The Default Amount is an amount equal to the Outstanding Principal Balance of the Purchased Receivables which have become Defaulted Receivables in a Calculation Period immediately preceding an Interest Payment Date.

### **The Swap Counterparty**

For a further description of the Swap Counterparty, see the section entitled "*The Swap Counterparty*".

### ***Swap Agreement***

On or prior to the Closing Date, the Issuer will enter into fixed/floating interest rate swap transactions with the Swap Counterparty, each under an International Swaps and Derivatives Association Inc. 1992 Master Agreement, in order to address certain risks arising as a result of a fixed rate of interest payable under the Purchased Receivables and the floating rate of interest payable by the Issuer under the Class A Notes.

At the commencement of each Swap Calculation Period, the notional amount of the interest rate swap transactions will be equal to the aggregate principal amount outstanding of the Purchased Receivables on the final calendar day of the month immediately preceding such Swap Calculation Period, excluding any Purchased Receivables that are or have been classified as Defaulted Receivables.

Pursuant to the terms of the Swap Agreement, on each Interest Payment Date commencing on the first Interest Payment Date and ending on the date on which the Class A Notes are redeemed in full, the Issuer will make fixed rate payments to the Swap Counterparty in Sterling which the Issuer will fund using payments which it receives from the Purchased Receivables. The fixed rate for the purposes of the Swap Agreement will be 0.056 per cent. per annum. The Swap Counterparty will, on the same Interest Payment Date, make floating rate payments in Sterling (calculated by reference to SONIA) to the Issuer. The amounts payable by the Issuer and the Swap Counterparty under the Swap Agreement will be netted so that only a net amount will be due from the Issuer or the Swap Counterparty (as the case may be) on an Interest Payment Date.

### ***Termination rights and payments***

The Swap Agreement may be terminated in certain limited circumstances. Any such termination may oblige the Issuer or the Swap Counterparty to make a termination payment. Any Replacement Swap Premium (or part thereof) that is applied directly to pay a Swap Termination Payment to the outgoing Swap Counterparty following the termination of the Swap Agreement will be paid to such outgoing Swap Counterparty and will not be made available to the Secured Creditors.

If the Issuer does not satisfy its payment obligations under the Swap Agreement, this will constitute a default by the Issuer thereunder and will entitle the Swap Counterparty to terminate the Swap Agreement.

Upon the occurrence of certain events in respect of the Issuer, the Swap Counterparty will have the right to terminate the Swap Agreement in accordance with its terms.

Upon termination of the Swap Agreement, all commercially reasonable endeavours will be made by the Issuer to enter into a replacement Swap Agreement with a replacement Swap Counterparty.

### ***Security and Ranking***

The Issuer's obligations to the Swap Counterparty under the Swap Agreement will be secured under the Deed of Charge. In the event of the Charged Property being enforced thereunder, such obligations (other than the Subordinated Swap Amounts) will rank ahead of payments in respect of the Notes.

### ***Withholding Tax***

All payments to be made by a party under the Swap Agreement are to be made without withholding or deduction for or on account of any tax unless such withholding or deduction is required by applicable law (as modified by the practice of any relevant tax authority). Each of the Issuer and the Swap Counterparty will represent, on entering into the Swap Agreement, that it is not obliged to make any such deduction or withholding under current taxation law and practice. If, as a result of a change in law (or the application or official interpretation thereof), the Issuer is required to make such a withholding or deduction from any payment to be made to the Swap Counterparty under the Swap Agreement, the Issuer will not be obliged to pay any additional amounts to the Swap Counterparty in respect of the amounts so required to be withheld or



deducted. If the Swap Counterparty is required to make such a withholding or deduction from any payment to the Issuer under the Swap Agreement, it shall pay to the Issuer such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such deduction or withholding been required. The party receiving a reduced payment or that is required to make an additional payment, as the case may be, will have the right to terminate the Swap Agreement (subject to the Swap Counterparty's obligation to use reasonable efforts (provided that such efforts shall not cause significant economic hardship to the Swap Counterparty) to transfer its rights and obligations under the Swap Agreement to another of its offices or affiliates such that payments made by or to that office or affiliate under the Swap Agreement can be made without any withholding or deduction for or on account of tax).

### ***Governing Law***

The Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed. The terms and conditions set out below will apply to the Notes in global form.*

The £500,000,000 Class A Asset Backed Floating Rate Notes due December 2035 (the **Class A Notes**) and the £225,000,000 Class Z Asset Backed Floating Rate Notes due December 2035 (the **Class Z Notes** and, together with the Class A Notes, the **Notes** or and the **Floating Rate Notes**) in each case of Drury Lane Funding 2020-1 Plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated 11th November 2020 (the **Closing Date**) and made between the Issuer and Citicorp Trustee Company Limited (in such capacity, the **Note Trustee**) as trustee for the Noteholders (as defined below). Any reference in these terms and conditions (the **Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes or the Class Z Notes, as the case may be, or to the respective holders thereof.

The security for the Notes is constituted by a deed of charge and assignment (the **Deed of Charge**) dated on or about the Closing Date and made between, among others, the Issuer and Citicorp Trustee Company Limited (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on or about the Closing Date and made between the Issuer, Citibank N.A., London Branch as principal paying agent (the **Principal Paying Agent** and such additional or other paying agents, if any, appointed from time to time pursuant to the Agency Agreement, the **Paying Agents**) and as agent bank (the **Agent Bank**) and the Note Trustee, provision is made for the payment of principal, and interest in respect of the Notes of each Class.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the master definitions agreement (the **Master Definitions Agreement**) entered into by, *inter alios*, the Issuer and the Note Trustee on or about the Closing Date.

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions Agreement and the other Transaction Documents are available for inspection during normal business hours at the Specified Office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Agreement available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement.

### 1. FORM, DENOMINATION AND TITLE

- 1.1 The Class A Notes are initially represented by a temporary global note (in respect of the Class A Notes a Class A Temporary Global Note (the **Class A Temporary Global Notes** or **Temporary Global Notes**) in registered form in the aggregate principal amount on issue of £500,000,000 for the Class A Notes. The Temporary Global Note has been deposited on behalf of the subscribers of the Class A Notes with the Common Safekeeper on the Closing Date. Upon deposit of the Class A Temporary Global Note, the Clearing Systems will credit each subscriber of Class A Notes with the principal amount of Class A Notes equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (a **Permanent Global Note**) representing the Class A Notes (the expressions **Global Notes** and **Global Note** meaning, respectively, (i) the Temporary Global Note and the Permanent Global Note, or (ii) either the Temporary Global Note or Permanent Global Note, as the context may require). The Permanent Global Note has also been

deposited with the Clearing Systems as Common Safekeeper. Title to the Global Notes will pass by delivery.

Interests in a Global Note in respect of the Class A Notes will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

Pursuant to the Agency Agreement, Citibank N.A., London Branch has agreed to act as registrar (the **Registrar**) and will maintain a register with respect to the Class A Notes and the Class Z Notes (the **Register**). All transfers of such Class A Notes and Class Z Notes are subject to any restrictions on transfer set forth on such Class A Notes and Class Z Notes and the detailed regulations concerning transfers in the Agency Agreement. Title to the Class Z Notes shall only pass by and upon registration in the Register.

For so long as the Class A Notes are represented by a Global Note and the Clearing Systems so permit, the Class A Notes will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000.

The Class Z Note will be issued in dematerialised registered form in the aggregate principal amount on issue of £225,000,000 and no certificate evidencing entitlement to the Class Z Notes will be issued. The Class Z Notes will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000.

1.2 If, while any of the Notes are represented by a Permanent Global Note:

- (a) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive form (each an **Exchange Event**),

then the Issuer will issue Notes of the relevant class in definitive form (**Definitive Notes**) in exchange for such Permanent Global Note (free of charge to the persons entitled to them) on the Exchange Date (as defined below). These Conditions and the Transaction Documents will be amended in such manner as the Note Trustee and the Security Trustee require to take account of the issue of Definitive Notes.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) above, the registered holder of a Global Note, acting on the instructions of one or more of the account holders, may give notice to the Issuer and the Principal Paying Agent and, in the case of (b) above, the Issuer may give notice to the Principal Paying Agent of its intention to exchange a Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of a Permanent Global Note may or, in the case of (b) above, shall surrender this permanent Global Note to or to the order of the Principal Paying Agent. In exchange for a Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all coupons in respect of interest which has not already been paid on a Permanent Global Note), security printed in accordance

with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of a Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

In these Conditions, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 30 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the Specified Office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

The Permanent Global Note shall not be exchangeable for the Definitive Notes in any other circumstances.

- 1.3 Definitive Notes in respect of the Class A Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with respect to the Class A Notes with a denomination above £199,000. All such Notes will be serially numbered and will be issued in registered form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.
- 1.4 **Noteholders**, with respect to the Class A Notes, means each person (other than the Clearing Systems themselves) who is for the time being shown in the records of the Clearing Systems as the holder of a particular Principal Amount Outstanding (as defined in Condition 6.4 (*Principal Amount Outstanding*)) of the Class A Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Note Trustee, the Security Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, the Note Trustee, the Security Trustee and all other persons, solely in the registered holder of the relevant Global Note in accordance with and subject to its terms and for which purpose **Noteholders** means the registered holder of the relevant Global Note; and related expressions shall be construed accordingly. **Noteholders**, with respect to the Class Z Notes, means each person who is for the time being showing in the Register as holder(s) of the Class Z Notes.
- 1.5 (a) **Class A Noteholders** means Noteholders in respect of the Class A Notes;
- (b) **Class Z Noteholders** means Noteholders in respect of the Class Z Notes, and, together with the Class A Noteholders, being the **Noteholders**.

## 2. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

### 2.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and, subject as provided in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*), unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority among themselves as to payments of interest and principal at all times and will rank senior to payments of interest and principal on the Class Z Notes at all times.
- (b) The Class Z Notes constitute direct, secured and (subject as provided in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*) and Condition 15 (*Subordination by Deferral of Interest*)) unconditional obligations of the Issuer. The Class Z Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes with respect to payments of principal, as provided in these Conditions and the Transaction Documents.

- (c) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise) provided that the Note Trustee (other than as set out in the Trust Deed, in particular, with regards to modifications, consents and waivers) will be required in any such case to have regard only to the interests of the Class A Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of, on the one hand, the Class A Noteholders and, on the other, the Class Z Noteholders.

## 2.2 Security

- (a) The security constituted by and pursuant to the Deed of Charge is granted to the Security Trustee, on trust for the Noteholders and certain other creditors of the Issuer, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders will share in the benefit of the security constituted by and pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

## 3. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted or contemplated under any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking (other than, for the avoidance of doubt, any security created pursuant to the Deed of Charge).
- (b) **Restrictions on activities:** (i) engage in any transaction, agreement or arrangement, hold any asset or engage in any other activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage (unless required by applicable laws, including without limitation activities of the Issuer in connection with its regulatory obligations under EMIR as a consequence of entering into the Swap Agreements); or (ii) have any subsidiaries (as defined in the Companies Act 2006), any subsidiary undertakings (as defined in the Companies Act 2006) or any employees or premises.
- (c) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire, any of its assets or undertakings or any interest, estate, right, title or benefit therein.
- (d) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares.
- (e) **Indebtedness:** incur any financial indebtedness (other than the Secured Liabilities) or give any guarantee in respect of any financial indebtedness or of any other obligation of any person.
- (f) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person.
- (g) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction

Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party.

- (h) **Issuer Bank Accounts:** have an interest in any bank account, other than the Issuer Bank Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to it.
- (i) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Securitisation Tax Regulations.
- (j) **VAT:** apply to become part of any VAT Group or voluntarily become registered (or part of any registration) for VAT in the UK.
- (k) **Derivatives:** enter into any derivatives, or any hedging contracts having the same economic effect as a derivative, other than the Swap Agreement.

## **4. INTEREST**

### **4.1 Interest Accrual**

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### **4.2 Interest Payment Dates**

The Notes bear interest on their respective Principal Amounts Outstanding from and including the Closing Date payable in arrear on the 27th day of each calendar month (each an **Interest Payment Date**) in respect of the Interest Period (as defined below) ended immediately prior thereto. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The first payment shall be due on the Interest Payment Date falling in November 2020. The period from (and including) the Closing Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an **Interest Period**.

### **4.3 Rate of Interest**

- (a) For each Interest Period, the interest rate applicable to:
  - (i) the Class A Notes shall be Compounded Daily SONIA plus 0.75 per cent. per annum (the **Class A Notes Interest Rate**) with Compounded Daily SONIA being determined by the Agent Bank as at the related Interest Determination Date; and
  - (ii) the Class Z Notes shall be Compounded Daily SONIA plus 2.00 per cent. per annum (the **Class Z Notes Interest Rate**) with Compounded Daily SONIA being determined by the Agent Bank as at the related Interest Determination Date, and together with the Class A Notes Interest Rate, being the **Interest Rate**).
- (b) In the event that the Class A Notes Interest Rate for any Interest Period is determined in accordance with the provisions of paragraph (a) above to be less than zero, the Class A Notes Interest Rate shall be deemed to be zero. There will be no maximum Interest Rate.

(c) In the event that the Class Z Notes Interest Rate for any Interest Period is determined in accordance with the provisions of paragraph (a) above to be less than zero, the Class Z Notes Interest Rate shall be deemed to be zero. There will be no maximum Interest Rate.

(d) In these Conditions (except where otherwise defined), the expression:

(i) **Business Day** means a day (excluding Saturdays and Sundays) which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

(ii) **Compounded Daily SONIA** means, in respect of any Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SONIA}_{i-5\text{LBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

**d** is the number of calendar days in the relevant Interest Period;

**d<sub>0</sub>** is the number of London Business Day in the relevant Interest Period;

**i** is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period, up to but excluding the last Business Day in such Interest Period;

**LBD** means a London Business Day;

**n<sub>i</sub>**, for any day "i", means the number of calendar days from and including such London Business Day "i" up to but excluding the following London Business Day; and

**SONIA<sub>i-5LBD</sub>** means, in respect of any London Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Business Day falling five London Business Days prior to that Business Day "i";

(iii) **Interest Determination Date** means the date falling 5 Business Days prior to each Interest Payment Date and shall relate to the Interest Period (and be the **Related Interest Determination Date** in respect of such Interest Period) which ceases on the Interest Payment Date immediately following such Interest Determination Date;

(iv) **London Business Day** means any day other than a Saturday, a Sunday or a day on which banking institutions in London, England are authorised or obliged by law or executive order to be closed.

(v) **Reuters Screen SONIA Page** means the Reuters Screen SONIA Page or such other page as may replace the Reuters Screen SONIA Page on that service for the purpose of displaying such information or, if that service ceases to display such information, such page as displays such information on such service as may replace such screen; and

- (vi) **SONIA Reference Rate** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Business Day as provided by the administrator of SONIA to, and published by, authorised distributors of the rate as of 9:00 a.m. London time on the Reuters Screen SONIA Page or, if the Reuters Screen SONIA Page is unavailable, as otherwise published by such authorised distributors (on the London Business Day immediately following such London Business Day), provided that if, in respect of any London Business Day, the Agent Bank determines that the SONIA Reference Rate is not available on the Reuters Screen SONIA Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be:
  - (A) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Business Day; plus
  - (B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate;
- (e) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).
- (f) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes such guidance (i) as to how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors. To the extent that any amendments or modifications to these Conditions or the Transaction Documents are required in order for the Agent Bank to follow such guidance in order to determine SONIA, the Agent Bank shall have no obligation to act until such amendments or modifications have been made in accordance with these Conditions and the Transaction Documents.

#### 4.4 Determination of Interest Amounts

The Agent Bank will, in relation to each Interest Period, on the Related Interest Determination Date, calculate the amount of interest (the **Interest Amount**):

- (a) payable in respect of the Principal Amount Outstanding of the Class A Note for such Interest Period (the **Class A Notes Interest Amount**). The Class A Notes Interest Amount will be calculated by applying the relevant Interest Rate for such Interest Period to the Principal Amount Outstanding of such Class of Notes on the first day of such Interest Period (after making any payments of principal in respect thereof), multiplying the product by the actual number of days in such Interest Period divided by 365 (the **Floating Rate Day Count Fraction**) and rounding the resulting figure to the nearest £0.01 (half a penny being rounded upwards); and



- (b) payable in respect of the Principal Amount Outstanding of the Class Z Note for such Interest Period (the **Class Z Notes Interest Amount**). The Class Z Notes Interest Amount will be calculated by applying the relevant Interest Rate for such Interest Period to the Principal Amount Outstanding of such Class of Notes on the first day of such Interest Period (after making any payments of principal in respect thereof), multiplying the product by the actual number of days in such Interest Period divided by 365 (the **Floating Rate Day Count Fraction**) and rounding the resulting figure to the nearest £0.01 (half a penny being rounded upwards); and

#### **4.5 Publication of Rate of Interest and Interest Amounts**

The Agent Bank shall cause each of the Class A Notes Interest Rate, the Class Z Notes Interest Rate, the Class A Notes Interest Amount and the Class Z Notes Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Principal Paying Agent, the Note Trustee, each of the Clearing Systems and to any stock exchange or other relevant authority on which the Notes are at the relevant time admitted to trading and/or listed and to be published in accordance with Condition 14 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Class A Notes Interest Amount, the Class Z Notes Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

#### **4.6 Notifications, etc. to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, will (in the absence of manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the Paying Agents and all Noteholders and (in the absence of gross negligence, wilful default or fraud) no liability to the Issuer or to the Noteholders shall attach to the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 4.

#### **4.7 Agent Bank**

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the amount of interest for any Interest Period, the Issuer shall appoint the London office of another major bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

### **5. PAYMENTS**

#### **5.1 Payments in respect of Notes**

Payments in respect of principal and interest in respect of any Global Note will be made outside the United States only against presentation of such Global Note to, or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Temporary Global Note. Each payment of principal or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its Customers and reflect such Customers' interest in the Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of any Class of Notes shall have any claim

directly against the Issuer in respect of payments due on such Class of Notes while such Class of Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the registered holder of the relevant Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing System but any failure to make such entries shall not affect the discharge referred to above.

## **5.2 Method of Payment**

Payments will be made in respect of the Notes by credit or transfer to an account in Sterling maintained by the payee with a bank in London.

## **5.3 Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment and (ii) any withholding or deduction 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 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

## **5.4 Payment only on a Presentation Date**

- (a) A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8 (*Prescription*)):

- (i) is or falls after the relevant due date;
  - (ii) is a Business Day in the place of the Specified Office of the Paying Agent at which the Global Note is presented for payment; and
  - (iii) in the case of payment by credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.
- (b) In this Condition 5.4, Business Day means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

## **5.5 Paying Agents**

The name of the Principal Paying Agent and its initial Specified Office are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent; and
- (b) there will at all times be at least one Paying Agent (who may be the Principal Paying Agent) having its Specified Office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority which, for so long as the Notes are admitted to trading on the Official List of Euronext Dublin and to trading on the Global

Exchange Market of Euronext Dublin and the relevant listing rules require, shall be a place in the United Kingdom (such as London) or such other place as Euronext Dublin may approve.

Notice of any termination or appointment and of any changes in the Specified Offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notice to Noteholders*).

## **6. REDEMPTION**

### **6.1 Redemption at maturity**

Unless previously redeemed in full, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling on the Final Maturity Date.

### **6.2 Optional redemption for taxation or other reasons**

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Class of the Notes any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax or any other tax authority outside the United Kingdom to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes;
- (b) by reason of a change in law, which change becomes effective on or after the Closing Date it has or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes;
- (c) the Principal Amount Outstanding of the Notes is equal to or less than 20 per cent. of the aggregate Principal Amount Outstanding of the Notes as of the Closing Date; or
- (d) there has been a Risk Retention Regulatory Change Event confirmed by two directors of the Seller certifying in writing to the Note Trustee and the Security Trustee that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without enquiry or liability to any person for doing so,

then the Issuer:

- (i) may redeem all, but not some only, of the Notes (and in the case of (c), if the Seller has exercised its right under the Clean-Up Call Option, the Issuer must redeem all, but not some only, of the Notes); or
- (ii) if the Seller has directed the Issuer to use the proceeds of a repurchase of the Purchased Receivables by the Seller to redeem the Notes, the Issuer must redeem all, but not some only, of the Notes,

in each case, on and from the Interest Payment Date on which such event occurs .

The Issuer shall, if the same would avoid the effect of the event described in (a) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a

company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes, provided that the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders of any Class.

If the Issuer certifies to the Note Trustee (upon which certificate the Note Trustee may rely absolutely and without enquiry or liability) immediately before giving the notice referred to below that one or more of the events described above is continuing and that the appointment of a Paying Agent or a substitution as referred to immediately above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30, days' notice (or, in the case of paragraph (a) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Noteholders, in accordance with Condition 14 (*Notice to Noteholders*), and to the Note Trustee, redeem all, but not some only, of the Notes at their respective Principal Amount Outstanding together with accrued but unpaid interest up to but excluding the date of redemption (which shall be an Interest Payment Date) in accordance with the applicable Priority of Payments. Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Note Trustee a certificate signed by two directors of the Issuer stating that: (a) the relevant event described above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event and that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution; (b) in the case of paragraph (b) above, no Event of Default has occurred and no Insolvency Event has occurred in respect of the Issuer; and (c) in the case of paragraphs (a) and (b) above, the Issuer will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date, and the Note Trustee shall be entitled to accept the certificate without enquiry or liability as sufficient evidence of the satisfaction of the conditions precedent set out above, in which case, it shall be conclusive and binding on the Noteholders.

### **6.3 Mandatory redemption in part**

Other than as set out in this Condition 6, the Principal Amount Outstanding of the Notes shall not be due until the Final Maturity Date; however, on each Interest Payment Date prior to the service of a Note Acceleration Notice, Available Principal Receipts will be applied in redemption of the Notes, in accordance with the Pre-Acceleration Principal Priority of Payments.

On and after the occurrence of an Event of Default and service of a Note Acceleration Notice, the Issuer shall redeem the Notes in accordance with the Post-Acceleration Priority of Payments.

For the avoidance of doubt, the Notes will be redeemed subject to and in accordance with the relevant Priority of Payments.

### **6.4 Principal Amount Outstanding**

The **Principal Amount Outstanding** of a Note on any date shall be its original principal amount less the aggregate amount of all principal payments in respect of such Note which have become paid since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.

### **6.5 Notice of redemption**

Any such notice as is referred to in Condition 6.2 (*Optional redemption for taxation or other reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above.

## 6.6 No purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

## 6.7 Cancellation

All Notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

## 7. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any other person shall be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

## 8. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 8, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

## 9. EVENTS OF DEFAULT

9.1 The Note Trustee in its absolute discretion may, and if so directed in writing by the holders of at least one-fifth in aggregate Principal Amount Outstanding of the Class A Notes while they remain outstanding and thereafter the Class Z Notes while they remain outstanding (the **Most Senior Class of Notes**) or if so directed by an Extraordinary Resolution of the Most Senior Class of Notes shall, subject, in each case, to being indemnified and/or pre-funded and/or secured to its satisfaction against all Liabilities to which it may become liable or which it may incur by so doing and subject as further provided in the Trust Deed, give notice (a **Note Acceleration Notice**) to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed, following the occurrence of any of the following events (each an **Event of Default**):

- (a) an Insolvency Event occurs with respect to the Issuer and such Insolvency Event is, in the opinion of the Note Trustee, to be certified in writing, materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes; or
- (b) the Issuer defaults in the payment of any interest on the Most Senior Class of Notes when the same becomes due and payable, and such default continues for a period of ten Business Days (for the avoidance of doubt: while any of the Class A Notes are outstanding, non-payment of interest on the Class Z Notes will not be an Event of Default); or

- (c) the Issuer defaults in the payment of principal on the Notes when due, and such default continues for a period of five Business Days; or
- (d) the Issuer fails to perform or observe any of its other obligations under the Conditions or any Transaction Document to which it is a party (excluding, for the avoidance of doubt, its obligations to make payments of principal or interest on the Notes when due) and such breach is, in the opinion of the Note Trustee, to be certified in writing, materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes and is either (i) in the opinion of the Note Trustee, incapable of remedy or (ii) in the opinion of the Note Trustee, capable of remedy, but remains unremedied for a period of 30 days or such longer period as the Note Trustee may agree after it has given written notice of such default to the Issuer.

## 9.2 General

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Condition 9.1 (*Events Of Default*), all Classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed. The available funds of the Issuer shall be applied in accordance with the Post-Acceleration Priority of Payments. The security constituted by the Deed of Charge will become enforceable upon the service of a Note Acceleration Notice.

## 9.3 Restriction

Except in the case of an Event of Default referred to in Condition 9.1(a), 9.1(b) or 9.1(c), the Note Trustee will not be entitled to direct the Security Trustee to dispose of any of the assets comprising the Security constituted by the Deed of Charge unless a financial adviser selected by the Note Trustee (at the cost of the Issuer) has confirmed that, in its opinion, either (i) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the Noteholders or (ii) a sufficient amount would not be so realised, but the resulting shortfall would be less than the shortfall that would result from not disposing of such assets.

# 10. ENFORCEMENT, LIMITED RECOURSE AND NON-PETITION

## *Enforcement*

- 10.1 Subject to Condition 9 (*Events of Default*), the Note Trustee may at any time, at its discretion and without notice, and shall, if so directed in writing by the holders of at least one-fifth in aggregate Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the Most Senior Class of Notes subject in each case to being indemnified and/or pre-funded and/or secured to its satisfaction against all Liability to which it may become liable or which it may incur by so doing and subject as further provided in clause 9.1(b) of the Trust Deed, take such action under or in connection with any of the Transaction Documents as it may think fit (including, without limitation, directing the Security Trustee to take any action under or in connection with any of the Transaction Documents or, upon the service of a Note Acceleration Notice, to take steps to enforce or realise the security constituted by the Deed of Charge), provided that:

- (a) the Note Trustee shall not be bound to take any such action unless (subject in all cases to restrictions contained in the Trust Deed to protect the interests of any higher ranking Class of Noteholders) it shall have been directed to do so as described immediately above;
- (b) (except where expressly provided otherwise) the Security Trustee shall not, and shall not be bound to, take any action under the Deed of Charge unless it shall have been so directed by (i) the Note Trustee or (ii) if there are no Notes outstanding, the Secured Creditor(s) who

rank(s) most senior in the Post-Acceleration Priority of Payments (other than the Note Trustee or the Security Trustee);

- (c) neither the Note Trustee nor the Security Trustee shall be bound to take any such action unless it shall have been indemnified and/or pre-funded and/or secured to its satisfaction; and
- (d) none of the Note Trustee, the Security Trustee or any of the Secured Creditors shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

10.2 Notwithstanding the foregoing, the Deed of Charge will provide that the Security Trustee shall use its reasonable endeavours to enforce the security constituted by the Deed of Charge by appointing an administrative receiver in respect of the Issuer if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer or (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding unless, in any such case, to do so would in the opinion of the Security Trustee be materially prejudicial to the interests of the Noteholders.

10.3 The Deed of Charge will further provide that (a) the Security Trustee will not be liable for any failure to appoint an administrative receiver in respect of the Issuer, save in the case of its own gross negligence, wilful default or fraud and (b) in the event that the Security Trustee appoints an administrative receiver in respect of the Issuer under the Deed of Charge in the circumstances set out in paragraph 10.2 above, then the Issuer shall waive any claims against the Security Trustee in respect of the appointment of the administrative receiver. For the avoidance of doubt, in no event shall the Security Trustee be required to indemnify any administrative receiver.

10.4 Subject to the terms of the Deed of Charge, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer. Any proceeds received by a Noteholder pursuant to such proceedings shall be paid promptly following receipt thereof to the Security Trustee for distribution in accordance with the terms of the Deed of Charge.

#### ***Limited Recourse***

10.5 Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse in accordance with this Condition 10 to the property, assets and undertakings of the Issuer the subject of any security created by the Deed of Charge (the **Charged Property**). If:

- (a) there is no Charged Property remaining which is capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Property have been applied to meet, or to provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; or
- (c) there are insufficient amounts available from the Charged Property to pay in full, in accordance with the provisions of the Deed of Charge, the Secured Liabilities,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and/or interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

### ***Non-Petition***

- 10.6 No Noteholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

## **11. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

- 11.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.
- 11.2 Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes for passing an Ordinary Resolution will be one or more persons holding or representing not less than one-fifth of the aggregate Principal Amount Outstanding of such Class or Classes of Notes, or, at any adjourned meeting, one or more persons being or representing a Noteholder of the relevant Class or Classes, whatever the aggregate Principal Amount Outstanding of the Notes of such Class or Classes held or represented by it or them.
- 11.3 Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes for passing an Extraordinary Resolution (other than in respect of a Basic Terms Modification) will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes, or, at any adjourned meeting, one or more persons holding or representing not less than one quarter of the aggregate Principal Amount Outstanding of the Notes of such Class or Classes.
- 11.4 The quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution to sanction a Basic Terms Modification shall be one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one quarter of the aggregate Principal Amount Outstanding of each Class of Notes.

Subject to Condition 11.5, except in the case of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice, as to which the provisions of Condition 9 (*Events of Default*) shall apply:

- (a) an Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on the Class Z Noteholders irrespective of the effect upon them;
- (b) no Extraordinary Resolution of the Class Z Noteholders shall be effective for any purpose unless either: (i) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders; (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or (iii) none of the Class A Notes remains outstanding.

The Trust Deed contains similar provisions in relation to directions in writing from the holders of the Most Senior Class of Notes outstanding upon which the Note Trustee is bound to act.



- 11.5 An Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one Class of Notes shall not be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes then outstanding.
- 11.6 The Note Trustee may agree, or may direct the Security Trustee to agree, without the consent of the Noteholders or the other Secured Creditors:
- (a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or of any of the Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders of any Class; or
  - (b) to any modification (including in relation to a Basic Terms Modification) which, in the opinion of the Note Trustee, is of a formal, minor or technical nature, to correct a manifest error.
- 11.7 Any modifications made pursuant to this Condition 11.6 shall be notified by the Issuer (or the Servicer on its behalf) to the Swap Counterparty fifteen Business Days prior to such modifications taking effect, provided that, the failure by the Issuer (or the Servicer on its behalf) to deliver such notice will not affect the validity of any modifications which do not affect any of the items (i) to (v) below when effected, PROVIDED FURTHER THAT the prior written consent of the Swap Counterparty shall be required for modifications to Transaction Documents (i) to which the Swap Counterparty is a party; or (ii) which would have the effect of increasing the amount that the Swap Counterparty would reasonably be required to pay or decreasing the amount that the Swap Counterparty would receive if the Swap Counterparty were to replace itself as swap provider under the Swap Agreement than otherwise would have been the case prior to such amendment, or (iii) which would adversely affect (in the sole opinion of the Swap Counterparty ) the amount, timing or priority of any payments or deliveries pursuant to the Swap Agreement, the Issuer's ability to meet any payments or deliveries pursuant to the Swap Agreement, the Swap Counterparty's rights in relation to any security granted to the Swap Counterparty by the Issuer in favour of the Security Trustee on behalf of the Secured Creditors or the Swap Counterparty's status as a Secured Creditor, or (iii) such amendment is an amendment to Condition 6.1 (Redemption at maturity), 6.2 (Optional redemption for taxation or other reasons) or 6.3 (Mandatory redemption in part) or any additional redemption rights of the Counterparty in respect of the Notes are introduced, or (iv) such amendment is an amendment to clause 20 of the Trust Deed or (v) such amendment leads to a sale of the Portfolio outside of the existing terms of the Transaction Documents as of the date of this Trust Deed. In circumstances where the consent of the Swap Counterparty is not required pursuant to (i) to (v) above, the Issuer (or the Servicer on its behalf) shall certify as such in writing to the Trustee prior to the making of such amendment and the Trustee shall be entitled to rely absolutely of such certification without any liability to any person for so doing.
- 11.8 Notwithstanding the provisions of Condition 11.5, the Note Trustee shall be obliged and shall direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to the receipt of written consent from any of the Secured Creditors party to the Transaction Document being modified, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions and/or any Transaction Document that the Issuer considers necessary or as proposed by the Swap Counterparty pursuant to paragraph (a)(ii) below:
- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
    - (i) the Issuer certifies in writing to the Note Trustee and the Security Trustee (upon which certificate they may rely without liability or enquiry) 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 or these Conditions proposed by the Swap Counterparty in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (A) the Swap Counterparty certifies in writing to the Issuer, the Note Trustee and the Security Trustee (upon which certificate they may rely without liability or enquiry) that such modification is necessary for the purposes described in paragraph(s) (ii)(x) and/or (y) above;
    - (B) either:
      - I. the Swap Counterparty obtains from each of the Rating Agencies a Rating Agency Confirmation and, if relevant, delivers a copy of each such confirmation to the Issuer, the Note Trustee and the Security Trustee; or
      - II. the Swap Counterparty, as the case may be, certifies in writing to the Note Trustee and the Security Trustee (upon which certificate they may rely without liability or enquiry) that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in a downgrade, qualification or withdrawal of the then current ratings assigned to any Class of the Notes by such Rating Agency; and
    - (C) the Swap Counterparty pays all fees, costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee in connection with such modification;
- (b) in order to enable the Issuer and/or the Swap Counterparty to comply with any obligation which applies to it under EMIR, provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Security Trustee, the Note Trustee and the Swap Counterparty or Issuer, as applicable, in writing (upon which certificate they may rely without liability or enquiry) 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) for the purpose of complying with any changes in the requirements under (i) the Securitisation Regulation (including, for the avoidance of doubt, Articles 19 to 22 of the Securitisation Regulation for designation as STS securitisation) after the Closing Date, including as a result of any changes as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, (ii) the CRR Amendment Regulation or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, or (iv) the U.S. Risk Retention Rules, including as a result of any other U.S. risk retention legislation or regulations or official guidance in relation thereto (including, for the avoidance of doubt, any U.S. Risk Retention Rules), provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing (upon which certificate they may rely without liability or enquiry) that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing (upon which certificate they may rely without liability or enquiry) that such modification is required solely for such purpose and has been drafted solely to such effect;

- (e) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing (upon which certificate they may rely without liability or enquiry) that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with any changes in the requirements of Regulation (EU) No 1060/2009 (the **CRA Regulation**) after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing (upon which certificate they may rely without liability or enquiry) that such modification is required solely for such purpose and has been drafted solely to such effect; and
- (g) to change the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, which may include an alternative screen rate, an **Alternative Base Rate**) and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a **Base Rate Modification**), provided that the Issuer provides a certificate to the Note Trustee and the Security Trustee certifying (such certificate a **Base Rate Modification Certificate**) that:
  - (i) such Base Rate Modification is being undertaken due to:
    - (A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
    - (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
    - (C) the insolvency or cessation of the business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
    - (D) a public statement or publication of information by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
    - (E) a public statement or publication by the supervisor of the SONIA administrator, the central bank for the currency of SONIA, an insolvency official with jurisdiction over the SONIA administrator, a resolution authority with jurisdiction over the SONIA administrator or court or entity with similar insolvency or resolution authority over the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
    - (F) a public statement or publication by the supervisor of the SONIA administrator, the central bank for the currency of SONIA, an insolvency official with jurisdiction over the SONIA administrator, a resolution authority with jurisdiction over the SONIA administrator or court or entity with similar insolvency or resolution authority over the SONIA administrator that means

SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or

- (G) the reasonable expectation of the Issuer that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(ii) such Alternative Base Rate is:

- (A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
- (B) any rate which is derived from, based upon or otherwise similar to SONIA;
- (C) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification; or
- (D) such other base rate as the Servicer reasonably determines (to preserve, so far as reasonably and commercially practicable, what would have been the expected Floating Rate of Interest applicable to the Class A Notes and the Class Z Notes) or which is proposed by any holder of the Most Senior Class of Notes then outstanding,

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders of each Class.

The Note Trustee and the Security Trustee shall be entitled to rely on a Base Modification Certificate absolutely without liability and enquiry.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (g) are satisfied;

- (h) for the purpose of changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Counterparty solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate pursuant to the terms of the Swap Agreement to the base rate of the Class A Notes following such Base Rate Modification (a **Swap Rate Modification**), provided that the Servicer, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing (upon which certificate the Note Trustee and the Security Trustee may rely absolutely and without enquiry or liability) that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a **Swap Rate Modification Certificate**), (the certificate to be provided by the Issuer, the Swap Counterparty or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (g) above being a **Modification Certificate**).

The Note Trustee is obliged to concur with the Issuer in making any modification referred to in paragraph (a) to (g) above (other than in respect of a Basic Terms Modification) to these Conditions and/or any Transaction Document only if:

- (A) other than in the case of a modification pursuant to paragraph (b) above, at least 30 days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect;
- (C) the written consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained; and
- (D) the Note Trustee and the Security Trustee are satisfied that they have been or will be reimbursed all costs, fees and expenses (including properly incurred legal fees) incurred by them in connection with such modification,

and provided, further, that, with respect only to a modification pursuant to paragraph (g) above and this paragraph (h):

- (E) the Servicer pays (or arranges for the payment of) all fees, costs and expenses (including properly incurred legal fees) incurred by the Issuer and the Trustee in connection with such Base Rate Modification and/or Swap Rate Modification,

and provided further that, other than in the case of a modification pursuant to paragraph (b), (c) or (e),

- (F) other than in the case of a modification pursuant to paragraph (a)(ii) above, either:
  - I. the Issuer obtains from each of the Rating Agencies a Rating Agency Confirmation; 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 a downgrade, qualification or withdrawal of the then current ratings assigned to any Class of the Notes by such Rating Agency; and
- (G) the Issuer certifies in writing to the Note Trustee (which certification may be in the Modification Certificate and upon which certificate the Note Trustee may rely without liability or enquiry) that in relation to such modification (I) the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 14 (*Notice to Noteholders*) and by publication on the Relevant Screen, 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 Issuer 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 in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

Other than in respect of a Swap Rate 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 in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes may be held within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Schedule 3 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

11.9 Other than where specifically provided in Condition 11.7:

- (a) when implementing any modification pursuant to Condition 11.7 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), 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 or the relevant Transaction Party, as the case may be, pursuant to Condition 11.7 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; and
- (b) 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 obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnities or protections, of the Note Trustee in the Transaction Documents and/or these Conditions.

11.10 The Note Trustee may also, without the consent of the Noteholders or the other Secured Creditors, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders, determine that an Event of Default or Potential Event of Default shall not, or shall not subject to specified conditions, be treated as such.

11.11 Any such modification, waiver, authorisation or determination pursuant to Conditions 11.5, 11.7 and 11.10 shall be binding on the Noteholders and the other Secured Creditors and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer as soon as practicable thereafter to:

- (a) so long as any of the Class A Notes remain outstanding, each Rating Agency; and
- (b) the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

11.12 Notwithstanding Conditions 11.5 to 11.11, the Issuer may modify or agree to any modification of the terms of the Collections Accounts Declaration of Trust without the consent of the Note Trustee provided that such modification is made in accordance with the terms of the Collections Accounts Declaration of Trust and does not adversely affect the rights or obligations of the Issuer thereunder (for the avoidance of doubt, and without limitation, a modification to the Collections Accounts Declaration of Trust may adversely affect the rights or obligations of the Issuer if it has the effect of reducing any amount held on trust for the Issuer or which the Issuer is entitled to receive under the

Collections Accounts Declaration of Trust). Condition 11.11 shall not apply to a modification made to the Collections Accounts Declaration of Trust in accordance with the terms of this Condition 11.12.

- 11.13 In connection with any such substitution of principal debtor referred to in Condition 6.2 (*Optional redemption for taxation or other reasons*), the Note Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change in the laws governing these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.
- 11.14 The Note Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, among other things, to the extent that it considers, in its sole and absolute discretion, it is necessary and/or appropriate and/or relevant, any communication or confirmation by any Rating Agency (including any Rating Agency Confirmation and whether or not such communication or confirmation is addressed to, or provides that it may be relied upon by, the Note Trustee and irrespective of the method by which such confirmation is conveyed) (a) that the then current rating by it of the Class A Notes would not be downgraded, withdrawn or qualified by such exercise or performance and/or (b) if the original rating of the Class A Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such class of Notes.
- 11.15 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Note Trustee is required to have regard to the interests of the Noteholders of any Class, it shall have regard to the general interests of the Noteholders of such Class as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

## **12. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee, respectively, and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the security constituted by the Deed of Charge unless indemnified and/or pre-funded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia* (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### 13. REPLACEMENT OF GLOBAL NOTES

If any Global Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Global Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Global Note must be surrendered before a new one will be issued.

### 14. NOTICE TO NOTEHOLDERS

- 14.1 Any notice to Noteholders shall be validly given if it is published in the Financial Times, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters Screen, Bloomberg or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a **Relevant Screen**) or (ii) Condition 14.3 below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such information. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.
- 14.2 While the Notes are represented by Global Notes, notices to Noteholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.
- 14.3 The Issuer shall ensure that, so long as the Notes are listed on the Official List of Euronext Dublin and trading on the Global Exchange Market of Euronext Dublin, any notice to Noteholders shall be published in accordance with the relevant guidelines of Euronext Dublin on the Euronext Dublin website (being, as at the date of this Offering Circular, 10th November 2020) by a notification in writing to Company Announcement Office of Euronext Dublin.
- 14.4 The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that the notice of such other method is communicated to the Noteholders by the Issuer in such manner as the Note Trustee shall require.

### 15. SUBORDINATION BY DEFERRAL OF INTEREST

#### 15.1 Deferred 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 (other than where the Most Senior Class of Notes is the Class Z Notes)) on an Interest Payment Date (after deducting the amounts paid senior to such interest under the Pre-Acceleration Revenue Priority of Payments) are insufficient to pay the full amount of such interest, payment of the shortfall attributable to such Class of Notes (**Deferred Interest**) will not then fall due but will instead be deferred until the first Interest Payment Date for such Notes thereafter on which sufficient funds are available or until the relevant Class of Notes becomes the Most Senior Class of Notes (after deducting the amounts paid senior to such interest under the Pre-Acceleration Revenue Priority of



Payments and subject to and in accordance with the relevant Priority of Payments) to fund the payment of such deferred interest to the extent of such available funds.

Such Deferred Interest will accrue interest (**Additional Interest**) at the rate of interest applicable from time to time to the applicable Class of Notes and payment of any Additional Interest will also be deferred until the first Interest Payment Date for such Notes thereafter on which funds are available (after deducting the amounts referred to in (a) to (l) (inclusive) (in the case of the Class Z Notes) of the Pre-Acceleration Revenue Priority of Payments subject to and in accordance with the relevant Priority of Payments) to the Issuer to pay such Additional Interest to the extent of such available funds.

Amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date, or any other date for redemption in full, of the applicable Class of Notes, when such amounts will become due and payable.

Payments of interest due on an Interest Payment Date in respect of the Most Senior Class of Notes then outstanding will not be deferred. In the event of the delivery of a Note Acceleration Notice, the amount of interest in respect of such Notes that is then due but not paid 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 Trust Deed.

## **15.2 Principal on the Class Z Notes**

All payments of principal on the Class Z Notes shall be made in accordance with the relevant Priority of Payments.

## **15.3 General**

Any amounts of interest in respect of the Class Z Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 15, together with accrued interest thereon, shall in any event become due and payable on the Final Maturity Date or on such earlier date as the Class Z Notes become due and repayable in full under Condition 6 (*Redemption*) or if applicable, Condition 9 (*Events of Default*).

## **15.4 Notification**

As soon as practicable after becoming aware that any part of a payment of interest on the Class Z Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 15, the Issuer will give notice thereof to the Class Z Noteholders, as the case may be, in accordance with Condition 14 (*Notice to Noteholders*).

## **15.5 Application**

This Condition 15 shall cease to apply in respect of the Class Z Notes, upon the redemption in full of the Class A Notes.

## **16. NON PETITION**

Only the Security Trustee may pursue the remedies available under the general law or under the Transaction Documents to enforce the Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security unless the Security Trustee, having become bound to do so, fails or is unable to do so within a 60-day period of becoming so bound and such failure or inability is continuing. In particular, each Secured Creditor (other than the Issuer and the Security Trustee) agrees and acknowledges to each of the Issuer and the Security Trustee, and the Security Trustee agrees with and acknowledges to the Issuer, that:

- (a) none of the Secured Creditors (nor any person on their behalf, other than the Issuer or the Security Trustee where appropriate) are entitled, otherwise than as permitted by the Transaction Documents, to direct the Security Trustee to enforce the Security or take any proceedings or action against the Issuer to enforce or realise the Security;
- (b) none of the Secured Creditors (other than the Security Trustee) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date none of the Secured Creditors nor any person on their behalf shall initiate or join any person in initiating an Insolvency Event or the appointment of an Insolvency Official in relation to the Issuer other than a Receiver or an administrator appointed under Clause 11 (Receiver) of the Deed of Charge; and
- (d) none of the Secured Creditors shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

## **17. GOVERNING LAW**

Each of the Trust Deed, the Global Notes and these Conditions (and, in each case, any non-contractual obligations arising out of or in connection with the relevant document) is governed by, and shall be construed in accordance with, English law.

## **18. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES (WHILE IN GLOBAL FORM)

### General

The Class A Notes, as at the Closing Date, will each initially be represented by a Temporary Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Temporary Global Notes will be deposited on or about the Closing Date on behalf of the subscribers for a Class of Notes, respectively, with the Clearing Systems as common safekeeper (the **Common Safekeeper**). Upon deposit of the Class A Temporary Global Note, the Clearing Systems will credit each subscriber of the Class A Notes with the principal amount of the Class A Notes of the relevant class equal to the aggregate principal amount thereof for which the subscriber will have subscribed and paid. Interests in the Temporary Global Notes are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non U.S. beneficial ownership by the relevant Noteholder, for interests recorded in the records of the Clearing Systems in a Permanent Global Note.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests or the Residual Certificate Book-Entry Interests through Participants or through other Indirect Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Notes Purchaser and/or Lead Manager. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. As a result, unless and until the notes in definitive form are issued, beneficial owners will not be recognised by the Issuer, the Note Trustee or the Security Trustee as Noteholders. 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 rights of a Noteholder under the Trust Deed.

### Payments on Global Notes

Payments in respect of principal and interest under any Global Note will be made only against presentation of such Global Note to, or to the order of, the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Temporary Global Note. Each payment of principal or interest made in respect of a Global

Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers which reflect such customers' interest in the Class A Notes) and each holder of Book-Entry Interests must look solely to the Clearing Systems for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. .

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Class A Notes (i) where the Class A Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Class A Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by participants to owners of interests in Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, any agent of the Issuer, the Arranger, the Lead Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a participant's ownership of Book-Entry Interests.

No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Class A Note shall have any claim directly against the Issuer in respect of payments due on such Note while such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the registered holder of the relevant Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing Systems but any failure to make such entries shall not affect the discharge referred to above.

Payments will be made, in respect of the Class A Notes by credit or transfer to an account in Sterling maintained by the payee with a bank in London. Payments in respect of principal and interest on the Class A Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

### **Information regarding Euroclear and Clearstream, Luxembourg**

*Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:*

Euroclear and Clearstream, Luxembourg each holds securities for their account holders and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of

Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that, under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of Noteholders or if a Noteholder desires to give instructions or to take any action that a Noteholder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the participants to give instructions or take such action, and such participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

### **Redemption**

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to, or to the order of, the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to, or to the order of, the Principal Paying Agent for cancellation. The redemption price payable in connection with the redemption will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. Any redemptions of a Global Note in part will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

### **Cancellation**

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and on the corresponding entry on the register.

### **Transfers and Transfer Restrictions**

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants. See the section entitled "*General*", above.

### **Issuance of Definitive Notes**

If, while any of the Notes are represented by a Permanent Global Note:

- (a) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence; or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive form,

then the Issuer will issue Definitive Notes in exchange for such Permanent Global Note (free of charge to the persons entitled to them) on the Exchange Date. The Permanent Global Note shall not be exchangeable for the Definitive Notes in any other circumstances. The Conditions and the Transaction Documents will be amended in such manner as the Note Trustee and the Security Trustee require to take account of the issue of Definitive Notes.

Any Class A Notes issued in definitive form will be issued in definitive registered form in the denominations set out in the Conditions and will be subject to the provisions set forth under the section entitled "*Transfers and Transfer Restrictions*" above.

### **Notices and Reports**

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices and reports received relating to the Issuer, the Global Notes or the Book-Entry Interests in respect of the Notes.

The Issuer shall (so long as the relevant Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market of Euronext Dublin) ensure that any notice to Noteholders shall be published in accordance with the relevant guidelines of the Euronext Dublin by a notification in writing to the Company Announcements Office of Euronext Dublin.

In addition, notices regarding the Notes may be published in a leading newspaper having a general circulation in the United Kingdom (which is expected to be the Financial Times), provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a Relevant Screen or if notices have been submitted to Euroclear and Clearstream, Luxembourg or published in accordance with the relevant guidelines of the Euronext Dublin, publication in the Financial Times shall not be required with respect to such information.

### **New Safekeeping Structure and Eurosystem Eligibility**

The Class A Notes are intended to be held in a new safekeeping structure ("NSS") and in a manner which would allow Eurosystem eligibility and will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Class A Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## TAXATION

### UNITED KINGDOM TAXATION

*The following is a summary of the Issuer's understanding of current United Kingdom laws and published HM RC' practices relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax, provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The Euronext Dublin is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Euronext Dublin in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Global Exchange Market of the Euronext Dublin. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of, or withholding on account of, United Kingdom income tax.

Payments of interest on the Notes may also be paid without deduction of, or withholding on account of, United Kingdom income tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to that Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

## FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the Code, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.



## SUBSCRIPTION AND SALE

The Seller has, pursuant to a subscription agreement dated on or about 10th November 2020 between the Arranger and the Lead Manager, the Seller and the Issuer (the **Subscription Agreement**), agreed with the Issuer (subject to certain conditions) to subscribe and pay for 100 per cent. of the Class A Notes at the issue price of 100 per cent. of the Initial Principal Amount of the Class A Notes and the Class Z Notes at the issue price of 100 per cent. of the Initial Principal Amount of the Class Z Notes as at the Closing Date.

The Seller may sell any of the Notes to subsequent purchasers in individually negotiated transactions at negotiated prices which may vary among different purchasers and which may be greater or less than the issue price of the Notes.

The Issuer has agreed to indemnify the Seller (in its capacity as the initial notes purchaser), the Arranger and the Lead Manager against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Notes to the Official List of Euronext Dublin and to trading on the Global Exchange Market, no action has been taken by the Issuer or the Arranger and the Lead Manager which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Offering Circular or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Offering Circular does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Pursuant to the Subscription Agreement, Sainsbury's Bank plc has covenanted that it will retain a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures sold by it to the Issuer for the purposes of the securitisation in accordance with the text of Article 6(1) of the Securitisation Regulation (which does not take into account any corresponding national measures). As at the Closing Date, the Originator will hold the Class Z Notes in accordance with Article 6(3)(d) of the Securitisation Regulation. Any change to the manner in which such interest is held will be notified to Noteholders.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

The Seller has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution (if any) at any time or otherwise until the expiration of the 40 days after the later of commencement of the offering of the Notes and the Closing Date (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons and, it will have sent to each affiliate or other dealer, distributor or person receiving a selling concession, fee or other remuneration (if any) to which it sells Notes during the distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them in the Regulation S. See the section entitled "*Transfer Restrictions*".

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code, and U.S. Treasury regulations promulgated thereunder.

### **United Kingdom**

The Seller, in its capacity as the Notes Purchaser, has represented to and agreed with the Issuer that:

- (a) 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 any activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances permitted by section 21(1) of the FSMA; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Prohibition of Sales to EEA and UK Retail Investors**

The Seller, in its capacity as the Notes Purchaser, has represented and agreed that it has not made the Notes available, or sold the Notes, to a retail investor and that it will not make the Notes available, or sell the Notes, to a retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended); or
- (b) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU (as amended).

### **General**

Under the Subscription Agreement, each of the Arranger, the Lead Manager and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus (whether in preliminary or final form, amendments or supplements thereto), form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers and sales of Notes by it will be made on the same terms.

Attention is drawn to the information set out on the first page of this Offering Circular.

## TRANSFER RESTRICTIONS

### Offers and Sales by the Arranger, the Lead Manager and the Originator

The Class A Notes (including being represented by a Global Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

### Investor Representations and Restrictions on Resale

By its purchase of the Notes, each purchaser of the Notes (each initial purchaser, together with each subsequent transferee are referred to herein as the "**Purchaser**") which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed, as follows, that (terms used in this section but not otherwise defined, have the meaning given to them under Regulation S):

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and the Issuer has not registered and does not intend to register as an "investment company" under the Investment Company Act and, if such Purchaser decides to resell or otherwise transfer the Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a Purchaser who is located outside the United States and is not a "U.S. person" (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, (ii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States or (iii) pursuant to another exemption from the registration requirements of the Securities Act; provided that the agreement of such Purchaser is subject to any requirement of law that the disposition of the Purchaser's property shall at all times be and remain within its control;
- (b) during the applicable distribution compliance period, such Purchaser shall notify each transferee of Notes from it (as applicable) that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is not a U.S. person or a person acting for the account or benefit of a U.S. person and is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;
- (c) if the Purchaser purchased the Notes during the initial syndication of the Notes, it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules;
- (d) (i) none of the Issuer, Arranger, the Lead Manager and the Seller is acting as a fiduciary or financial or portfolio manager for the purchaser, (ii) the Purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representation (whether written or oral) of the Issuer, the Arranger, the Lead Manager and the Seller other than in this Offering Circular for such Notes and any representations expressly set forth in a written agreement with such party, (iii) none of the Issuer, the Arranger, the Lead Manager and Seller has given to the Purchaser (whether

directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes, (iv) the Purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgement and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Arranger, the Lead Manager or the Seller, (v) the Purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Notes with a full understanding of all of the risks thereof (economic and otherwise) and it is capable of assuming and willing to assume (financially and otherwise) those risks, and (vi) the Purchaser is a sophisticated investor;

- (e) the Purchaser understands that the Notes may not, at any time, be held by, or on behalf of, U.S. persons;
- (f) the Purchaser acknowledges and agrees that in the event that at any time the Issuer determines (or is notified by a person acting on behalf of the Issuer) that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set out above or otherwise determines that any purported transfer or other disposition of any Notes would, in the sole determination of the Issuer require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, such purported purchase or other transfer will be void *ab initio* and will not be honoured by the Note Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer will have the right, but not the obligation, to force the transfer of, or redeem, any such Notes; and
- (g) the Purchaser will promptly (i) inform the Issuer if, during any time it holds a Note, there shall be any change in the acknowledgements, representations and agreements contained above or if they shall become false for any reason and (ii) deliver to the Issuer such other representations and agreements as to such matters as the Issuer may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom.

The Issuer, the Registrar, the Arranger, the Lead Manager, the Seller and their agents and affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements;

The Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that the Purchaser will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement.

The Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries, and that those participants may further disclose to the Issuer the names and positions of holders of its securities.

Each Purchaser understands that (i) the sale of the Notes (including interests therein represented by a Global Note, Definitive Note or a Book-Entry Interest) is to be made in reliance on Regulation S, and (ii) the Notes (including interests therein represented by a Global Note, Definitive Note or a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legends set forth below:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER

THE SECURITIES ACT), EXCEPT PURSUANT AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE FOREGOING PARAGRAPH SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMMENCEMENT OF THE OFFERING OF THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

THE ISSUER (AS DEFINED IN THE NOTE TRUST DEED) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**) AND ANY OFFER, SALE, PLEDGE OR TRANSFER MUST BE IN ACCORDANCE WITH UNITED STATES TAX LAW REQUIREMENTS." *Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.*

## GENERAL INFORMATION

1. The legal entity identifier (LEI) code of the Issuer is 213800M9RWTU2SMOF693.
2. Application has been made to Euronext Dublin for the Class A Notes to be admitted to the Official List of Euronext Dublin and to trading on the Global Exchange Market of Euronext Dublin, subject only, to the issue of the Global Notes of the Class A Notes. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EC (as amended). This Offering Circular constitutes listing particulars for the purposes of this application and has been approved by Euronext Dublin.
3. The issue of the Notes will be cancelled, if the related Global Notes, as applicable, are not issued.
4. Walkers Listing Services Limited is acting solely in its capacity as Listing Agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market.
5. Any website referred to in this document does not form part of this Offering Circular and has not been scrutinised or approved by the Euronext Dublin.
6. The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since 24 July 2020 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer. Holdings has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Holdings is aware) since 23 July 2020 (being the date of incorporation of Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Holdings.
7. The auditor of the Issuer is Ernst & Young. Ernst & Young is registered to carry on audit work in the United Kingdom by the Institute of Chartered Directors in England and Wales. For so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on the Global Exchange Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
8. The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 6th November 2020.
9. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

Notes	Common Code	ISIN
Class A	2252641712	XS2252641712
Class Z	N/A	N/A

10. From the date of this Offering Circular and for so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on the Global Exchange Market, copies of the following documents (and any amendments thereto from time to time) may be inspected in physical form at the registered office of the Issuer during usual business hours, on any weekday (public holidays excepted) and will be available electronically on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com): the Trust Deed, the Agency Agreement, the Servicing Agreement, the Cash Management Agreement, the Account Bank Agreement, the Deed of Charge, the Master Definitions Agreement, the Receivables

Sale Agreement, the Reserve Deposit Agreement, the Swap Agreement, the Corporate Services Agreement, the Collections Accounts Declaration of Trust and the Memorandum and Articles of Association of the Issuer.

11. The Reporting Entity will procure that the information and reports as more fully set out in the section entitled "*Certain Regulatory Considerations – EU Risk Retention – Transparency and Reporting – Reporting under the Securitisation Regulation*" are published with the frequency and in the manner set out in such section.
12. The Reporting Entity will make the information referred to above available to the Noteholders, relevant competent authorities and, upon request, to potential investors in the Notes.
13. The Servicer will publish the Monthly Investor Report prepared by the Cash Manager detailing, *inter alia*, certain aggregated data in relation to the Portfolio on the Securitisation Repository Website at [www.euroabs.com](http://www.euroabs.com). For the avoidance of doubt, neither the Securitisation Repository Website nor the contents thereof form part of this Offering Circular. The Monthly Investor Report will also be made available, *inter alia*, to the Rating Agencies. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information relating to the Notes or the Underlying Agreements.
14. The Issuer confirms that the Underlying Agreements backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of this Offering Circular and may be affected by the future performance of such assets backing the issue of the Notes. Consequently, investors are advised to review carefully any disclosure in this Offering Circular together with any amendments or supplements thereto.
15. Since its date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Offering Circular.
16. The following legend will appear on all Class A Notes and on all receipts and interest coupons relating to such Notes: "ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".
17. For the purposes of the Securitisation Regulation, the securitisation transaction's unique identifier number is 213800VDIFGJM2DF1R46N20201.

## GLOSSARY OF TERMS

*These and other terms used in this document are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.*

**Account Bank** means, as at the Closing Date, Citibank N.A., London Branch acting through its offices at Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

**Account Bank Agreement** means the account bank agreement dated on or about the Closing Date among the Issuer, the Cash Manager, the Account Bank, the Servicer and the Security Trustee, as amended or restated from time to time;

**Account Bank Ratings** means all of the following ratings:

- (a) short-term, unsecured, unguaranteed and unsubordinated debt obligations rating of at least "P-1" by Moody's and "F1" by Fitch; or
- (b) long-term bank deposits rating of at least "A3" by Moody's and "A" by Fitch;

or, alternatively, in each case, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes;

**Actual Collections** means, in respect of a Calculation Period, any amounts referred to in paragraph (a) of the definition of Collections that are actually received in the Collections Account in respect of the Purchased Receivables and reconciled on a Collections Reconciliation Date by reference to the most recent Servicer Report delivered in respect of that Calculation Period;

**Administrator** means any person (being a licensed insolvency practitioner) who is appointed by the Security Trustee (whether out of court or otherwise) to act jointly, independently, or jointly and severally, as an administrator of the Issuer or of all or any part of the Charged Property;

**Affiliate** means, in relation to any corporate entity, a holding company or subsidiary of such corporate entity or a subsidiary of the holding company of such corporate entity, and the terms **holding company** and **subsidiary** shall have the meaning given to them by the Companies Act 2006;

**Agency Agreement** means the agency agreement dated on or about the Closing Date among, *inter alios*, the Issuer, the Principal Paying Agent, the Agent Bank, the Note Trustee and the Security Trustee, as amended or restated from time to time;

**Agent Bank** means the person appointed as agent bank from time to time under the Agency Agreement who, as at the Closing Date, is Citibank N.A., London Branch acting through its offices at Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

**Agents** means the Paying Agents, the Registrar and the Agent Bank or, where the context requires, any of them;

**Amount Financed** means, in respect of a Purchased Receivable, the aggregate amount advanced in respect of such Receivable less, in respect of such Purchased Receivable, payments received from the relevant Customer prior to the Reference Date in respect of that Purchased Receivable;

**Ancillary Rights** means, in relation to each Purchased Receivable:



- (a) the right to demand, sue for, recover, receive and give receipts for all amounts due (whether or not from the relevant Customer) under, relating to or in connection with the Underlying Agreement from which such Receivable derives;
- (b) the benefit of all covenants and undertakings from the relevant Customer and from any guarantor under, relating to or in connection with the Underlying Agreement from which such Receivable derives;
- (c) the benefit of all causes of action against the relevant Customer and any guarantor under, relating to or in connection with the Underlying Agreement from which such Receivable derives;
- (d) the benefit of any other rights, title, interests, powers or benefits of the Seller in relation to the Underlying Agreement from which such Receivable derives; and
- (e) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance policies deposited, charged, obtained or held in connection with the Underlying Agreement from which such Receivable derives,

and for the purpose of this definition, references to **guarantees** shall be deemed to include all other indemnities, security, collateral or other documents, agreements or arrangements whatsoever whereby any person (including, but without limitation, any Customer) agrees to make any payment to the Seller in respect of that Customer's obligations under the relevant Underlying Agreement or to provide any security therefor, and **guarantors** shall be construed accordingly;

**Annex XII Report** has the meaning given to it in clause 9.1(d) of the Cash Management Agreement;

**Annual Percentage Rate** or **APR** means, with respect to a Receivable, the total cost expressed as an annual percentage of the total amount of credit;

**Appointee** means any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Note Trustee under the Trust Deed or by the Security Trustee under the Deed of Charge;

**Article 7 ITS** means Commission Implementing Regulation (EU) 2020/1225.

**Article 7 RTS** means Commission Delegated Regulation (EU) 2020/1224.

**Article 7 Technical Standards** mean the Article 7 RTS and the Article 7 ITS.

**Auditor Determined Amount** means the current value of Defaulted Receivables and Delinquent Receivables at the end of the immediately preceding Calculation Period as determined in accordance with standard market practice (taking into account expected Recoveries to be obtained from the Customer) by an independent auditor appointed by the Issuer;

**Authorised Investments** means:

- (a) Sterling gilt-edged securities;
- (b) investments in money market funds that maintain (A) in the case of Fitch, a rating of at least AAmmf or the highest money market fund ratings from at least two other global rating agencies (including the rating of Moody's required pursuant to (B) below) and (B) in the case of Moody's a rating of at least Aaa-mf, provided that such investments do not constitute securitisation positions; and

- (c) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

**provided that** in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments:

- (i) have a maturity date on or before the immediately following Interest Payment Date;
- (ii) may be broken or demanded by the Issuer (with no reduction in the value of such investment and at no cost to the Issuer) on or before the next following Interest Payment Date;
- (iii) do not include any contractual provisions that would permit a redemption of such authorised investments in an amount less than the amount paid for such investments by the Issuer; and
- (iv) (other than in the case of paragraph (b) above) are rated at least:
  - (A) F1+ or AA-by Fitch (provided such investments have a remaining maturity no greater than 365 days); and
  - (B) P-1 or Aaa by Moody's;

**Available Principal Receipts** has the meaning given to it in the section entitled "*Credit Structure and Cash Flow*";

**Available Revenue Receipts** has the meaning given to it in the section entitled "*Credit Structure and Cash Flow*";

**Back-Up Servicer** has the meaning given to it in the section entitled "*Overview of the Transaction Documents*";

**Back-Up Servicer Events** means the earlier of:

- (a) the occurrence of a Servicer Termination Event under paragraphs (a), (b), (c) or (e);
- (b) the date of resignation of the Servicer in accordance with the Servicing Agreement;
- (c) the date on which the Servicer's authorisations and permissions required under the FSMA or any other regulatory licence or approval required with any official body thereof or any third party, in each case required for the due execution and delivery by it of the Servicing Agreement and the performance of any of the Services it is required to provide thereunder, is and/or are terminated, cancelled or revoked; or
- (d) the date on which it is or becomes unlawful for the Servicer to perform any of its obligations under the Transaction Documents to which it is a party or any of the Transaction Documents cease to be legal, valid, binding and enforceable obligations of the Servicer;

**Back-Up Servicer Facilitator** means CSC Capital Markets UK Limited (or any successor duly appointed);

**Basic Terms Modification** means any modification to, consent or waiver under the Transaction Documents which would have the effect of:

- (a) modifying (i) any date fixed for payment of principal or interest in respect of the Notes of any Class, (ii) the amount of principal or interest due on any date in respect of the Notes of any Class or (iii) the method of calculating the amount of any payment in respect of the Notes of any Class, other than any Base Rate Modification; or

- (b) exchanging, converting or substituting 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; or
- (c) altering the currency of payment of such Notes; or
- (d) altering the Pre-Acceleration Revenue Priority of Payments, Pre-Acceleration Principal Priority of Payments or Post-Acceleration Priority of Payments; or
- (e) altering the quorum or majority required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (f) amending the definition of a "Basic Terms Modification";

**Blocked Notes** means Notes which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Paying Agent for the purpose of obtaining from the Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

**Block Voting Instruction** means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the Meeting specified in such Block Voting Instruction) are blocked in an account with a Clearing System and that no such Notes will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the Meeting specified in such Block Voting Instruction; and
  - (ii) the Notes ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with the Trust Deed of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes has instructed such Paying Agent that the vote(s) attributable to the Notes so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the 48 Hours prior to the time for which such Meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount of the Notes so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (c) above as set out in such Block Voting Instruction;

**Book-Entry Interests** means the beneficial interests in the Global Notes;

**Business Day** means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Calculation Date** means the date falling five Business Days prior to each Interest Payment Date;

**Calculation Period** means the period from (and including) the Cut-off Date to (and including) the last day of October 2020, and each one-month period thereafter;

**Capital Requirements Regulation** means Regulation (EU) No 575/2013;

**Cash Management Agreement** means the cash management agreement dated on or about the Closing Date among the Issuer, the Cash Manager, the Servicer and the Security Trustee, as amended or restated from time to time;

**Cash Manager** means the person appointed as cash manager from time to time under the Cash Management Agreement, which on the Closing Date is Citibank N.A., London Branch acting through its offices at Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

**Cash Manager Termination Event** means any of the following events:

- (a) an Insolvency Event occurs in relation to the Cash Manager;
- (b) the Cash Manager fails to give any payment instruction required to be given (provided that in each case there are available funds standing to the credit of the relevant Issuer Bank Account) under the Cash Management Agreement and such default remains unremedied for a period of five Business Days after the earlier to occur of: (I) the Cash Manager becoming aware of such non-compliance and (II) written notice of such non-compliance being received by the Cash Manager; or
- (c) such entity fails to perform or observe any of its material duties, obligations, covenants or services under the Cash Management Agreement and such non-compliance continues unremedied for a period of ten days after the earlier of (I) the Cash Manager becoming aware of such default or (II) receipt by the Cash Manager of notice from the Issuer or the Security Trustee requiring the same to be remedied; or
- (d) it is or becomes unlawful for the Cash Manager to perform or comply with any of the obligations under the Cash Management Agreement.

**CCA or Consumer Credit Act** means the Consumer Credit Act 1974, as amended;

**Charged Documents** means the Transaction Documents to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party (other than the Deed of Charge and the Trust Deed);

**Charged Property** means all assets and property of the Issuer which is subject to the security created by the Issuer in favour of the Security Trustee for it and the other Secured Creditors pursuant to the Deed of Charge;

**Class** means the Class A Notes or the Class Z Notes or any combination of them;

**Class A Noteholders** means the persons who are for the time being the holders of the Class A Notes;

**Class A Notes** means the £500,000,000 Class A Asset Backed Floating Rate Notes due December 2035;

**Class A Notes Interest Amount** means the amount of interest payable in respect of the Class A Notes;

**Class A Notes Interest Rate** has the meaning given to it in Condition 4.3(a) (Rate of Interest);

**Class A Notes Principal Amount** means the Principal Amount Outstanding in respect of all Class A Notes on any date;

**Class A Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes;

**Class A Temporary Global Note** has the meaning given to it in the Conditions;

**Class Z Noteholders** means the persons who are for the time being the holders of the Class Z Notes;

**Class Z Notes** means the £225,000,000 Class Z Asset Backed Floating Rate Notes due December 2035;

**Class Z Notes Interest Amount** means the amount of interest payable in respect of the Class Z Notes;

**Class Z Notes Interest Rate** has the meaning given to it in Condition 4.3(a)(ii) (*Rate of Interest*);

**Class Z Notes Minimum Principal Amount** means the minimum Principal Amount Outstanding in respect of the Class Z Notes following repayment in accordance with paragraph (b) of the Pre-Acceleration Principal Priority of Payments;

**Class Z Notes Principal Amount** means the Principal Amount Outstanding in respect of all Class Z Notes on any date;

**Class Z Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes;

**Clean Up Call** means the optional call granted pursuant to Condition 6.2(c) (*Optional redemption for taxation or other reasons*);

**Clearing System** means Euroclear and Clearstream, Luxembourg;

**Clearstream, Luxembourg** means Clearstream Banking, *société anonyme*;

**Closing Date** means 11th November 2020 or such later date as may be agreed between the Issuer, the Seller, the Arranger and the Lead Manager;

**CMA** means the Competition and Markets Authority;

**Collections** means all amounts comprising:

- (a) all amounts to be received from or on behalf of the Customer in respect of the Purchased Receivables including, without limitation, all fees, costs, any interest charged on interest and expenses received in respect of the Purchased Receivables deriving from such Related Underlying Agreement or Ancillary Rights; and
- (b) any amount received by the Issuer in respect of any Compensation Payments, Receivables Indemnity Amounts, Optional Repurchase Price, Final Repurchase Price and Receivables Repurchase Price,  
*less*
- (c) Permitted Withdrawals;

**Collections Account Bank** means, as at the Closing Date, HSBC Bank Plc, acting through its office at 8 Canada Square, Canary Wharf, London E14 5HQ and any such other replacement party as may be appointed by the Seller in accordance with the Transaction Documents, and includes any successors or assigns;

**Collections Account Bank Ratings** has the meaning given to it in the section entitled "*Triggers Tables*";

**Collections Accounts Declaration of Trust** means the collections accounts declaration of trust dated on or about the Closing Date between the Seller and the Issuer whereby the Seller declares a trust over certain accounts;

**Collections Account** means the account held in the name of the Seller into which amounts received in respect of the Purchased Receivables will be paid;

**Collections Reconciliation Amount** means the absolute value of the amount by which the Actual Collections paid into the Collections Account in respect of a Calculation Period exceed the aggregate amount of all Receipted Collections paid into the Transaction Account during that Calculation Period, calculated by the Servicer and notified to the Cash Manager on or prior to the Collections Reconciliation Date;

**Collections Reconciliation Date** means the 10th Business Day following the commencement of each calendar month;

**Common Safekeeper** means, in relation to each Class of Notes, the common safekeeper, as elected by the Principal Paying Agent pursuant to the Agency Agreement;

**Compensation Amount** means the amount, calculated by the Servicer in accordance with the Servicing Agreement to compensate the Issuer for any loss caused as a result of a breach of the Receivables Warranties arising as a result of any Purchased Receivables or Related Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or FSMA or as a result of the Customer exercising a right of set-off in relation to a Related Underlying Agreement;

**Compensation Payment** means the payment made by the Seller to the Issuer to compensate the Issuer for any loss caused as a result of any Purchased Receivable or the Related Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or FSMA or where Customers have exercised a right of set-off in relation to a Related Underlying Agreement as an amount equal to the Compensation Amount;

**Conditions** means the terms and conditions of the Notes set out in the Trust Deed and as may be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly and references in the Conditions to paragraphs shall be construed as paragraphs of such Conditions;

**Corporate Services Agreement** means the agreement dated on or about the Closing Date among, *inter alios*, the Issuer, Holdings, the Share Trustee and the Corporate Services Provider, as amended or restated from time to time;

**Corporate Services Provider** means, as at the Closing Date, CSC Capital Markets UK Limited whose registered office is at 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom, in its capacity as such under the Corporate Services Agreement, and includes any successors or assigns;

**COVID-19 Affected Receivable** means any Receivable that is subject to a COVID-19 Payment Deferral granted in accordance with the Seller's or Servicer's relevant policies and procedures following a successful application by a Customer for a payment deferral as a result of COVID-19 affecting the relevant Customer's ability to make payments under the Underlying Agreement applicable to that Receivable and, in relation to any such Receivable, for so long as the payment holiday period granted by the Seller is subsisting;

**COVID-19 Payment Deferral** means a 'payment deferral' of the payment obligations under a consumer loan contract to which is a party, as a result of the direct or indirect impact of the COVID-19 pandemic (as at the date of this Offering Circular, limited to a three month period (or six month period where an initial payment deferral of three months has already been granted);

**CPR** means constant per annum rates of prepayment;

**CRA** means the Consumer Rights Act 2015, as amended;

**CRA Commencement Date** means 1 October 2015;

**Credit and Collection Procedures** means the origination, credit and collection procedures employed by the Servicer from time to time in relation to the provision of Services (such Credit and Collection Procedures shall be deemed to include, in respect of any COVID-19 Affected Receivables only, any such policy or procedures relating to the implementation permitting any variation or amendment necessary or required to be made to the original terms of the Underlying Agreement in relation to the COVID-19 Affected Receivables for the sole purpose of providing for any COVID-19 Payment Holiday);

**Credit Institutions Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;

**Cumulative Default Ratio** means, as at any Interest Payment Date, the ratio, expressed as a percentage, calculated by dividing:

- (a) the aggregate of the Outstanding Principal Balance (less any Principal Recoveries received by the Seller) of all Purchased Receivables which were Defaulted Receivables as at the close of business on the Calculation Date immediately preceding such Interest Payment Date; by
- (b) the sum of (i) the aggregate of the Outstanding Principal Balance of the Portfolio as at the Closing Date and (ii) the aggregate of the Outstanding Principal Balance (as at the Calculation Date immediately preceding the date of sale to the Issuer) of all Receivables sold to the Issuer on or after the Closing Date pursuant to Clause 3 of the Receivables Sale Agreement;

**Cumulative Default Test Date** means each Interest Payment Date falling during the Revolving Period;

**Cumulative Default Trigger** means, as at any Cumulative Default Test Date:

- (a) 0.50 per cent. for any Interest Payment Date between the Closing Date and (but excluding) the Interest Payment Date falling in May 2021;
- (b) 1.00 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in May 2021, up to (but excluding) the Interest Payment Date falling in November 2021;
- (c) 2.00 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in November 2021, up to (but excluding) the Interest Payment Date falling in November 2022;
- (d) 3.00 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in November 2022, up to (and including) the Interest Payment Date falling in November 2023;

**Custodian** means any entity appointed as custodian for the purpose of Schedule 4 (Authorised Investments) of the Account Bank Agreement;

**Customer** means a customer of the Seller who has executed one or more Related Underlying Agreements with the Seller;

**Cut-off Date** means 30 September 2020;

**Data Protection Legislation** means (i) Regulation (EU) 2016/679, and (ii) any other applicable law in any relevant jurisdiction that applies to the processing of data relating to living persons, in each case as amended or replaced from time to time;

**Deed of Charge** means the deed of charge dated the Closing Date between the Issuer, the Security Trustee and certain of the Secured Creditors, as amended or restated from time to time;

**Default Amount** means an amount equal to the Outstanding Principal Balance of those Purchased Receivables which have become Defaulted Receivables in a Calculation Period immediately preceding an Interest Payment Date;

**Defaulted Receivable** means, at any time, any Purchased Receivable which (a) is 90 days or more in arrears or (b) would be classified as a defaulted receivable in accordance with the applicable Credit and Collection Procedures;

**Defaulting Party** has the meaning given to it in the 1992 ISDA Master Agreement;

**Deferred Interest** shall have the meaning given to such term in Condition 15.1 (*Deferred Interest*);

**Deferred Purchase Price** has the meaning given to it in the section entitled "*Overview of the Portfolio*";

**Definitive Notes** means any Notes issued in definitive registered form and serially numbered pursuant to Condition 1.3;

**Delinquent Receivable** means, at any time, any Purchased Receivable in the Portfolio which is not a Defaulted Receivable (a) in respect of which all or part of any Monthly Payment is not paid on its Monthly Payment Date and which remains unpaid in whole or in part for a period of 30 days or more from the Monthly Payment Date to which such Monthly Payment relates (for the avoidance of doubt, all payments received in respect of any Purchased Receivable in the Portfolio shall be allocated first towards the discharge of any arrears owing in respect of such Purchased Receivable, commencing with the earliest of such arrears) or (b) which would be classified as a delinquent receivable in accordance with the applicable Credit and Collection Procedures;

**Dodd Frank Act** means the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in 2010;

**EEA** means the European Economic Area;

**Eligibility Criteria** means the eligibility criteria for the Purchased Receivables set out in Appendix 3 to the Receivables Sale Agreement;

**Eligible Persons** means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction;

**Eligible Receivable** means a Receivable which on its Purchase Date satisfies the Eligibility Criteria and the Receivables Warranties;

**EMIR** means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (as amended, modified and/or restated from time to time) and/or any supplementing regulations, provisions or regulatory or implementing technical standards (each as amended, modified and/or restated from time to time) being effected under or in connection with Regulation (EU) No 648/2012, as amended;



**Encumbrance** means any mortgage, sub-mortgage, security, charge, sub-charge, pledge, lien, right of set-off or other encumbrance or security interest of any kind, however created or arising, including anything analogous to any of the foregoing under the laws of any jurisdiction but excludes (a) a right of counterclaim or (b) a right of set-off or analogous rights arising by contract or operation of law not constituting a mortgage, charge or other encumbrance under applicable law;

**ESMA** means the European Securities and Markets Authority.

**EU** means the European Union;

**Euroclear** means Euroclear Bank S.A./N.V.;

**Event of Default** has the meaning given to it in Condition 9.1;

**Excess Amounts** means a payment credited to the Transaction Account which represents an amount received from a Customer in excess of the amounts payable under the relevant Underlying Agreement;

**Excess Collections Amount** means the absolute value of the amount by which the Received Collections paid into the Transaction Account by the Servicer exceed the Actual Collections paid into the Collections Account, each in respect of a Calculation Period, calculated by the Servicer and notified to the Cash Manager on or prior to the Collections Reconciliation Date;

**Excess Recoveries Amount** means an amount equal to any amounts received by the Issuer which is in excess of the aggregate of amounts due by a Customer in respect of a Purchased Receivable (including related fees and costs associated with any Recovery Amounts) following a Purchased Receivable becoming a Defaulted Receivable;

**Excess Swap Collateral** means an amount equal to the value of the Swap Collateral (or the applicable part thereof) which is in excess of the Swap Counterparty's liability (prior to any netting in respect of the Swap Collateral) under the Swap Agreement as at the date of termination of the Swap Agreement or which it is otherwise entitled to have returned to it under the terms of the Swap Agreement;

**Exchange Act** means the United States Exchange Act of 1934, as amended;

**Extraordinary Resolution** means, in respect of each Class of Notes, (a) a resolution passed at a Meeting duly convened and held in accordance with the Trust Deed by a majority consisting not less than three-fourths of the Eligible Persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting not less than three-fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-fourths in aggregate Principal Amount Outstanding of the Notes of such Class which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of such Class;

**FCA** means the Financial Conduct Authority or any successor thereof;

**Final Class A Interest Payment Date** means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of the Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments, the sum of the Available Principal Receipts available for application on such Interest Payment Date would be sufficient to redeem in full the Class A Notes on such Interest Payment Date and provided that, on that Interest Payment Date, the balance of the Class A Principal Deficiency Sub-Ledger (taking into account amounts which have been credited to the Class A Principal Deficiency Sub-Ledger on that Interest Payment Date) is zero;

**Final Maturity Date** means the Interest Payment Date falling in December 2035;

**Final Receivables** means on any Interest Payment Date, all Purchased Receivables then owned by the Issuer;

**Final Redemption Date** means the Final Maturity Date or, if earlier, the date on which the Principal Amount Outstanding under the Notes has been repaid in full by the Issuer;

**Final Repurchase Price** means an amount equal to the higher of (i) the sum of (A) the Outstanding Balance of such Final Receivables that are not Defaulted Receivables or Delinquent Receivables at the end of the immediately preceding Calculation Period and (B) for Defaulted Receivables and Delinquent Receivables, the Auditor Determined Amount; and (ii) the sum of all amounts required to be paid on such Interest Payment Date in accordance with the relevant Priority of Payments (including the redemption of the Notes in full on such Interest Payment Date) other than amounts due to the Seller in respect of Deferred Purchase Price less any Available Revenue Receipts and Available Principal Receipts available to be applied on such Interest Payment Date;

**Fitch** means Fitch Ratings Ltd, or any successor to its ratings business;

**Floating Rate Notes** has the meaning given to it in the section entitled "*Terms and Conditions of the Notes*";

**FSMA** means the Financial Services and Markets Act 2000, as amended;

**Further Purchase Date** means a Business Day falling in the Revolving Period;

**Further Receivable** means, on any date of determination, a Receivable identified in the Notice of Sale which is sold or to be sold by the Seller to the Issuer on a Further Purchase Date;

**Further Receivables Purchase Price** has the meaning given to it in the section entitled "*Overview of the Portfolio*";

**GAAP** means generally accepted accounting principles in the United Kingdom;

**General Reserve** means, on any date, the amount standing to the credit of the General Reserve Ledger in the Transaction Account (before making the calculations required to be made on the immediately following Interest Payment Date);

**General Reserve Ledger** means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

**General Reserve Required Amount** means:

- (a) up to the Final Class A Interest Payment Date, on the relevant Interest Payment Date the difference between:
  - (i) an amount equal to 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; and
  - (ii) the Liquidity Reserve Required Amount; and
- (b) on the Final Class A Interest Payment Date and thereafter, zero;

**Global Notes** has the meaning given to it in Condition 1.1;

**HMRC** means Her Majesty's Revenue & Customs;

**Holdings** means Drury Lane Holdings 2020-1 Limited, a limited liability company incorporated under the laws of England and Wales (with registered number 12763800) and whose registered office is at 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom;

**Income Element** means, in relation to each Purchased Receivable, all amounts to be received from or on behalf of the Customer in respect of such Purchased Receivable other than any amounts received in respect of any Principal Element of that Purchased Receivable and including, for the avoidance of doubt, all fees, costs and expenses received in respect of the Purchased Receivables;

**Income Recoveries** means, on a Calculation Date, any amount received and allocable to the Income Element of any Purchased Receivable in the immediately preceding Calculation Period in relation to a Defaulted Receivable or a COVID-19 Affected Receivable that is a Purchased Receivable;

**Indebtedness** means (without double-counting) any indebtedness of any person for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any conditional sale contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above;

**Initial Portfolio** means the initial portfolio of Receivables transferred by the Seller to the Issuer on the Initial Purchase Date;

**Initial Principal Amount** means the Principal Amount Outstanding of a Note on the Closing Date;

**Initial Purchase Date** means the Closing Date (or such other date as the Seller, the Issuer, the Arranger and the Lead Manager may agree in writing) upon which the Seller sells, and the Issuer purchases, the Initial Portfolio pursuant to the terms of the Receivables Sale Agreement;

**Initial Purchase Price** has the meaning given to it on page 41;

**Insolvency Event** means in respect of a relevant entity (each a **Relevant Entity**):

- (a) an order is made or an effective resolution passed for the winding-up of the Relevant Entity, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction, and in respect of the Issuer only the terms of which have previously been approved by the Note Trustee in writing; or
- (b) the Relevant Entity, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above, ceases or, through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or admits its inability to pay its debts as they fall due or is unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986 (other than, except in the case of the Issuer, subsection 123(1)(a)) or (except in the case of the Issuer) 123(2) of the Insolvency Act 1986 or, where applicable, sections 222 to 224 of the Insolvency Act 1986; or
- (c) any proceedings, corporate action or other steps shall be initiated against the Relevant Entity under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation (including, without limitation, by way of voluntary arrangement, scheme of arrangement or restructuring plan under Part 26A of the Companies Act 2006) of that party other than a solvent liquidation or reorganisation of that party or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) and (except in the case of presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) such proceedings are not being disputed in good faith with a reasonable prospect of success or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator, trustee in sequestration or other similar official shall be appointed in relation to the Relevant Entity or in relation to the whole or any substantial part of the undertaking or assets of the Relevant Entity, or an encumbrance (other than the Issuer, the Security Trustee or the Note Trustee) shall take possession of the whole or any substantial part of the undertaking or assets of the Relevant Entity, or a distress, execution or diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Relevant Entity and such possession or process (as the case may be) shall not be discharged or otherwise ceases to apply within 30 days of its commencement, or the Relevant Entity (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, bankruptcy, composition, reorganisation (including, without limitation, by way of voluntary arrangement, scheme of arrangement, restructuring plan under Part 26A of the Companies Act 2006) of that party other than a solvent liquidation or reorganisation of that party or other similar laws or makes a conveyance or assignment for the benefit of or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (d) any event occurs which, under English law or any applicable law, has an analogous effect to any of the events referred to in paragraphs (a) to (c) (inclusive);

**Insolvency Official** means, in respect of any company, a liquidator, provisional liquidator, administrator (whether appointed by the court or otherwise), bank administrator, bank liquidator, administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors or any equivalent or analogous officer under the law of any jurisdiction;

**Insolvency Proceedings** means the winding-up, dissolution, company voluntary arrangement or administration of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any

jurisdiction in which such company or corporation carries on business, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official;

**Interest Amount** has the meaning given to it in Condition 4.4 (*Determination of Interest Amounts*);

**Interest Determination Date** has the meaning given to it in Condition 4.3(d)(iii) (*Rate of Interest*);

**Interest Payment Date** means the 27th day of each calendar month, except if such day is not a Business Day, in which case it shall be the next succeeding Business Day unless such day falls in the next month, in which case it shall be the preceding Business Day. The first Interest Payment Date shall fall on 27 December 2020 (subject to adjustment in accordance with the Modified Following Business Day Convention);

**Interest Period** means each period from (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date, provided that the first Interest Period shall be the period from (and including) the Closing Date and ending on (but excluding) the Interest Payment Date falling in December 2020;

**Interest Rate** has the meaning given to it in Condition 1.1 (*Rate of Interest*);

**Interest Rate Swap Ledger** means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

**Irrecoverable VAT** means any amount in respect of VAT incurred by a party to a Transaction Document (for the purposes of this definition, a **Relevant Party**) to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) of the Value Added Tax Act 1994) for the prescribed accounting period (as that expression is used in Section 25(1) of the Value Added Tax Act 1994) to which such input tax relates;

**Issuer** means Drury Lane Funding 2020-1 PLC (with registered number 12767979), whose registered office is at 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom, as issuer of the Notes;

**Issuer Bank Accounts** means the bank accounts which the Issuer agrees to maintain pursuant to the terms of the Account Bank Agreement including the Transaction Account and the Swap Collateral Account and any other bank account of the Issuer or in respect of which the Issuer at any time has an interest or, where the context requires, any of them;

**Issuer Power of Attorney** means the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge;

**Issuer Profit Amount** means an amount equal to £100 as at each Interest Payment Date (£1,200 per annum);

**Issuer Retained Profit Ledger** means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

**Last Receivable Maturity Date** means, as at the Closing Date, 28 May 2027;

**LCR Regulation** means Commission Regulation (EU) 2015/61 (as amended) relating to liquidity coverage requirements.

**Ledger Accounts** means the Revenue Deficiency Ledger, the Liquidity Reserve Ledger, the General Reserve Ledger, the Reinvestment Ledger, the Interest Rate Swap Ledger, the Principal Deficiency Ledger and the Issuer Retained Profit Ledger;

**Limited Recourse** has the meaning given to it in Condition 10 (*Enforcement, Limited Recourse and Non-Petition*);

**Liquidity Reserve** means, on any date, the amount standing to the credit of the Liquidity Reserve Ledger in the Transaction Account (before making the calculations required to be made on such Interest Payment Date);

**Liquidity Reserve Ledger** means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

**Liquidity Reserve Required Amount** means:

- (a) up to the Final Class A Interest Payment Date:
  - (i) on the Closing Date an amount equal to 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; or
  - (ii) on the relevant Interest Payment Date an amount equal to the higher of
    - (A) 1.25 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately prior to the relevant Interest Payment Date; and
    - (B) 0.10 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; and
- (b) on the Final Class A Interest Payment Date and thereafter, zero;

**Listing Agent** means Walkers Listing Services Limited with its registered office at 5th Floor, The Exchange, George's Dock, I.F.S.C, Dublin 1, D01 W3P9, Ireland, and includes any successors and assigns;

**Loss or Liability** means, in respect of any person, any loss, liability, damages, cost, expense, claim, action, suit or judgment which such person may incur or which may be made against such person, including (without limitation):

- (a) any consequential loss or loss of profit;
- (b) the fees and expenses of any professional adviser to such person;
- (c) the cost of funds of such person;
- (d) the costs of investigation and defence; and
- (e) any Irrecoverable VAT payable in respect of any such amount;

**Master Definitions Agreement** means the master definitions agreement dated the Closing Date between, among others, the Issuer, the Seller, the Servicer, the Liquidity Reserve Provider, Holdings, the Note Trustee, the Security Trustee, the Paying Agents, the Agent Bank, the Account Bank, the Cash Manager, the Corporate Services Provider and the Swap Counterparty, as amended or restated from time to time;

**Meeting** means a meeting of the Noteholders or of any one or more Classes of Noteholders and, except where the context otherwise requires, includes a meeting resumed following an adjournment;

**Member State** means any of the member states of the European Union;

**Modified Following Business Day Convention** means the business day convention under which, where a relevant date falls on a day which is not a Business Day, that date will be adjusted so that it falls on the first following day that is a Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;

**Monthly Collections File** means the electronic internal reconciliations file prepared by the Servicer in respect of the Purchased Receivables and containing information such as (but not limited to), actual receipts of interest, actual receipts of principal, scheduled receipts of interest and scheduled receipts of principal;

**Monthly Investor Report** means the monthly investor report prepared by the Cash Manager, with the assistance of the Servicer, in accordance with the Cash Management Agreement;

**Monthly Payment** means each monthly payment due from a Customer under the Underlying Agreement to which such Customer is a party;

**Monthly Payment Date** means the date on which each Monthly Payment is due;

**Moody's** means Moody's Investors Service Limited, or any successor to its ratings business;

**Most Senior Class of Notes** means, at any time:

- (a) the Class A Notes; or
- (b) if no Class A Notes then outstanding, the Class Z Notes (if at that time any Class Z Notes are then outstanding);

**Nectar Loan** means any Unsecured Personal Loan advanced under an Underlying Agreement to a Customer who is also the registered holder of a Nectar loyalty card;

**Non-Compliant Receivable** means each Purchased Receivable in respect of which any Receivables Warranty proves to have been incorrect in any material respect on the date on which the relevant Receivables Warranty is given and remains incorrect, or has never existed;

**Non-Permitted Variation** means any change to an Underlying Agreement that relates to a Purchased Receivable which has the effect of:

- (a) reducing the Amount Financed;
- (b) reducing the Annual Percentage Rate;
- (c) reducing the total number of Monthly Payments; or
- (d) extending the term of the Purchased Receivable such that the last Monthly Payment Date falls after the Last Receivable Maturity Date,

but in the case of paragraphs (a), (b) and (c) above, shall not, for the avoidance of doubt, include any action taken with respect to the Servicer's credit and arrears management process in accordance with its Credit and Collection Procedures for managing arrears in relation to Defaulted Receivables;

**Note Acceleration Notice** has the meaning given to it in Condition 9.1;

**Note Trustee** means, as at the Closing Date, Citibank N.A., London Branch acting through its registered office at Citigroup Centre, 25-28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

**Noteholders** means (a) in relation to any Class A Notes represented by a Global Note, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Class A Notes (other than Euroclear and/or Clearstream, Luxembourg), in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Class A Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (other than for the purpose of payments in respect thereof, the right to which shall be vested as against the Issuer and any Paying Agent, solely in the registered holder of a Global Note in accordance with and subject to its terms and for which purpose **Noteholder** means the registered holder of a Global Note), (b) in relation to the Class Z Notes, the holders of the Class Z Notes named in the Register maintained by the Registrar and (c) in relation to any Definitive Notes, the bearer of those Definitive Notes, and related expressions shall (where appropriate) be construed accordingly;

**Notes** means the Class A Notes and the Class Z Notes or, where the context requires, any of them and includes the Definitive Notes and the Global Notes;

**Notice of Sale** means a notice regarding the sale of Further Receivables in, or substantially in, the form of the document so named set out in Schedule 2 (Form of Notice of Sale) to the Receivables Sale Agreement;

**Offering Circular** means document relating to the issue and offering of the Notes;

**OFT** means the Office of Fair Trading;

**Ordinary Resolution** means, in respect of the Noteholders or any Class or Classes of Noteholders, (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a clear majority consisting of more than 50 per cent. of the persons voting thereat on a show of hands or, if a poll is duly demanded, by a simple majority of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of the Noteholders of more than 50 per cent. in aggregate Principal Amount Outstanding of the Notes of such Class which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of such Class;

**Originator** means Sainsbury's Bank plc (registered number 03279730), whose registered office is at 33 Holborn, London, EC1N 2HT, United Kingdom in its capacity as originator of the Receivables;

**Optional Repurchase Price** means, in respect of a Defaulted Receivable or a COVID-19 Affected Receivable, the aggregate of (i) an amount equal to the Outstanding Principal Balance of such Defaulted Receivables or a COVID-19 Affected Receivable as at the Receivables Call Completion Date plus any accrued but unpaid interest income in relation to such Defaulted Receivable or a COVID-19 Affected Receivable; and (ii) any expenses incurred by the Issuer in connection with the disposal of such Receivables.

**outstanding** means, in relation to the Notes, all the Notes issued other than:

- (a) those Notes which have been redeemed in full pursuant to the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with the Conditions) and remain available for payment against presentation of the relevant Notes;
- (c) those Notes which have been purchased and cancelled in accordance with the Conditions;
- (d) those Notes which have become void under Condition 8 (*Prescription*);



- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 13 (*Replacement of Global Notes*);
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 13 (*Replacement of Global Notes*); and
- (g) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders of any Class or Classes, an Extraordinary Resolution in writing or an Ordinary Resolution in writing and any direction or request by the holders of Notes of any Class or Classes;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Conditions 9 (*Events of Default*) and 10 (*Enforcement, Limited Recourse and Non-Petition*);
- (iii) any right, discretion, power or authority (whether contained in the Conditions, any other Transaction Document or vested by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and
- (iv) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Originator or any holding company or Subsidiary of either of them, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, unless they are together the sole beneficial holders of the Notes. The Note Trustee shall assume that there are no such holdings until notified in writing to the contrary by the Issuer and the Originator;

**Outstanding Balance** means, on any date and in relation to each Underlying Agreement, the aggregate of the Principal Elements and Income Elements outstanding under such Underlying Agreement as shown on the relevant computer system;

**Outstanding Principal Balance** means, on any date and with respect to each Purchased Receivable, the outstanding principal balance as shown on the relevant computer system under the Related Underlying Agreement;

**Paying Agents** means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement, and **Paying Agent** means any one of them;

**Perfection Event** means each of the following events:

- (a) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables) in accordance with the terms of the Receivables Sale Agreement; or

- (b) unless otherwise agreed in writing by the Security Trustee, a Servicer Termination Event occurs; or
- (c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (d) the occurrence of an Insolvency Event in respect of the Seller;
- (e) the Seller is in breach of its obligations under the Receivables Sale Agreement to pay to the Issuer any sum in respect of the Purchased Receivables within five Business Days of the date on which payment is required to be made by the Seller or the date of demand and which failure is not remedied within 45 calendar days after the Issuer has given written notice thereof to the Seller;
- (f) the Seller is in breach of its obligations under the Receivables Sale Agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 45 calendar days; and (ii) Moody's and/or Fitch have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; and
- (g) the Seller determines, as at any date, that the CET1 Ratio has fallen below 7.00 per cent., where: (i) **CET1 Ratio** means the ratio (expressed as a percentage) of Common Equity Tier 1 as at such date to the Risk Weighted Assets as at the same date, in each case calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation) or, as the context requires, a consolidated basis; (ii) **Common Equity Tier 1** means, as at any date, the sum of all amounts that constitute common equity tier 1 capital of the Seller as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations but without taking into account any transitional, phasing-in or similar provisions; and (iii) Risk Weighted Assets means, as at any date, the aggregate amount of the risk weighted assets of the Seller as at such date, as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations,

provided that the provisions of each of paragraphs (e), (f) and (g) shall: (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation).

**Performing Receivable** means a Purchased Receivable that is not a Defaulted Receivable or a Delinquent Receivable;

**Permanent Global Note** means the permanent global notes obtained by exchanging interests in a Temporary Global Note on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder;

**Permitted Variations** means any Variation which is made in accordance with the terms of the relevant Underlying Agreement and the applicable Credit and Collection Procedures and which is not a Non-Permitted Variation;

**Permitted Withdrawal** has the meaning given to it in the section entitled "*Overview of the Transaction Documents*";

**Portfolio** means the Purchased Receivables and all other assets and rights relating to the Related Underlying Agreements purported to be transferred or granted to the Issuer, pursuant to the Receivables Sale Agreement which remain Final Receivables;

**Post-Acceleration Priority of Payments** means the priority of payments for the application of, amongst other things, Available Revenue Receipts and Available Principal Receipts following the service of a Note Acceleration Notice as set out in the Deed of Charge;

**Potential Event of Default** means any event which will become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

**PPI Policy** means the policy for provision of payment protection insurance;

**Pre-Acceleration Principal Priority of Payments** means the priority of payments for the application of Available Principal Receipts prior to the service of a Note Acceleration Notice as set out in the Cash Management Agreement;

**Pre-Acceleration Revenue Priority of Payments** means the priority of payments for the application of Available Revenue Receipts prior to service of a Note Acceleration Notice as set out in the Cash Management Agreement;

**Prepayments** means any payment in excess of scheduled payments, in whole or in part (including any prepayment penalties), made by a Customer in respect of any Purchased Receivable;

**Principal Additional Amounts** has the meaning given to it in the section entitled "*Cash Management*";

**Principal Amount Outstanding** has the meaning given to it in Condition 6.4 (*Principal Amount Outstanding*);

**Principal Collections** means, in respect of a Purchased Receivable, an amount calculated by the Servicer and notified to the Cash Manager being equal to the sum of the expected Principal Element scheduled to be paid by the relevant Customer (disregarding any Prepayments or late payments or arrears) in accordance with the terms of the Related Underlying Agreement as if such payments were made;

**Principal Deficiency Ledger** means the principal deficiency ledger comprising the Class A Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising in respect of the Purchased Receivables in accordance with the Cash Management Agreement;

**Principal Element** means in relation to each Purchased Receivable, the outstanding principal balance of that Purchased Receivable as shown on the relevant computer system as representing the outstanding principal balance of the Purchased Receivable;

**Principal Paying Agent** means, as at the Closing Date, Citibank N.A., London Branch, acting through its offices at Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

**Principal Receipts** means all amounts comprised of:

- (a) any amounts received in respect of any Principal Element of Purchased Receivables (other than Purchased Receivables that have become Defaulted Receivables or COVID-19 Affected Receivables and in respect of the repurchase of Non-Compliant Receivables or Non-Eligible Receivables in accordance with the Receivable Sale Agreement); and

- (b) any other amounts received by the Issuer in respect of the Purchased Receivable which relate to the Principal Element of the Purchased Receivables (including but not limited to, any amount received by the Issuer in respect of any Principal Element in respect of the Compensation Payments, Receivables Indemnity Amounts, Final Repurchase Price, Receivables Repurchase Price, Optional Repurchase Price and the Principal Element of any Recovery Amounts);

**Principal Recoveries** means, on a Calculation Date, any amount received and allocable to the Principal Element of any Purchased Receivable in the immediately preceding Calculation Period in relation to a Defaulted Receivable or a COVID-19 Affected Receivable that is a Purchased Receivable;

**Priority of Payments** means the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Acceleration Priority of Payments, or any of them;

**Prospectus Regulation** means Regulation (EU) 2017/1129 as amended or superseded;

**Purchase Date** means any of the Initial Purchase Date and each Further Purchase Date (as applicable);

**Purchase Price** means:

- (a) in respect of the Initial Portfolio, the amount payable by the Issuer for the purchase of the Purchased Receivables in the Initial Portfolio, such amount being equal to the aggregate of (i) the Initial Purchase Price and (ii) any Deferred Purchase Price; and
- (b) in respect of any Further Receivables, the amount of consideration payable by the Issuer for the purchase of the Purchased Receivables comprising Further Receivables, such amount being equal to the aggregate of (i) the Further Receivables Purchase Price and (ii) any Deferred Purchase Price;

**Purchased Receivable** means each Receivable purchased by the Issuer pursuant to the Receivables Sale Agreement which has neither been paid in full by or on behalf of the Customer nor repurchased by the Seller pursuant to the Receivables Sale Agreement;

**RAO** means The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as amended;

**Rating Agencies** means Fitch and Moody's or, where the context requires, any of them or any of their successors. If at any time Fitch or Moody's is replaced as a Rating Agency, then references to its rating categories in the Transaction Documents shall be deemed instead to be references to the equivalent rating categories of the entity which replaces it as a Rating Agency;

**Rating Agency Confirmation** means a confirmation in writing by the relevant Rating Agencies that the then current ratings of the Class A Notes will not be downgraded, qualified or withdrawn as a result of the relevant event or matter, provided that, if: (a) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Transaction Document; and (b) a written request for such confirmation affirmation or response is delivered to that Rating Agency by any of the Issuer, the Cash Manager, the Servicer, the Swap Counterparty (in respect of a Rating Agency Confirmation requested pursuant to the provisions of the Swap Agreement only), the Note Trustee and/or the Security Trustee, as applicable (each a **Requesting Party**) and one or more of the Rating Agencies (each a **Non-Responsive Rating Agency**) indicates that it does not consider such confirmation, affirmation or response necessary in the circumstances, the Requesting Party (and for the purposes of Condition 11.10, the Note Trustee and the Security Trustee) shall be entitled to disregard the requirement for a confirmation or affirmation of rating or other response by each Non-Responsive Rating Agency which provides such indication and proceed on the basis of the confirmations or affirmations of rating or other responses received by each other Rating Agency or, if all the Rating Agencies indicate that they do not consider such confirmation, affirmation or response necessary in the circumstances, on the basis that such confirmation or affirmation of rating or other response by a Rating Agency is not required in the particular circumstances of the request. If a Rating Agency does not respond to a written request for a

confirmation or affirmation of rating such non-response shall not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of rating or other response in respect of such action or step or any deemed indication that it does not consider such confirmation, affirmation or response necessary in the circumstances, provided that in the event of a non-response from all Rating Agencies, the Requesting Party (and for the purposes of Condition 11.10, the Note Trustee and the Security Trustee) will be entitled to proceed on the basis that such confirmation or affirmation of rating or other response by a Rating Agency is not required in the particular circumstances of the request. However, nothing herein shall in any way affect the right of a Rating Agency to downgrade or withdraw its then current ratings of the Class A Notes in a manner as it sees fit;

**Receipted Collections** means, on each Business Day, any amounts referred to in paragraph (a) of the definition of Collections that were paid into the Collections Account on the immediately preceding Business Day and transferred to the Transaction Account on that day and the amount of such transfers shall be reconciled on each Collections Reconciliation Date by reference to the most recent Servicer Report delivered in respect of that Calculation Period;

**Receivable** means any and all claims and rights of the Seller against the Customer under or in connection with relevant Underlying Agreements originated by the Seller (including, for the avoidance of doubt, all payments due from the Customer under the relevant Underlying Agreement (including any VAT or related fees and expenses due and payable by the Customer under the terms of the Underlying Agreement) and any Ancillary Rights);

**Receivables Call Option** means the call option granted by the Issuer to the Seller pursuant to the Receivables Sale Agreement, under which the Seller prior to a Defaulted Receivable or a COVID-19 Affected Receivable being written off as uncollectable by the Servicer in accordance with the Credit and Collection Procedures but prior to the occurrence of an Insolvency Event in respect of the Seller, has the right to repurchase from the Issuer any Defaulted Receivables or COVID-19 Affected Receivables;

**Receivables Indemnity Amount** means, where a Purchased Receivable has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is otherwise due to be repurchased pursuant to the Receivables Sale Agreement, an amount equal to (a) the Outstanding Balance as at the Purchase Date of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties as at the Closing Date (in respect of the Initial Portfolio) or the relevant Further Purchase Date (in respect of any Further Receivables) and (b) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the weighted average interest rate of the Portfolio as determined by the Servicer at the end of the immediately preceding Calculation Period less any amounts received by the Issuer relating to such Purchased Receivable;

**Receivables Repurchase Price** means, in respect of a Receivable, an amount, calculated by the Servicer, equal to the Outstanding Balance as at the Reference Date relating to such Receivable, less any amounts received by the Issuer in respect of the Principal Element of such Receivables, plus any accrued Income Element of such Receivable, in each case as at the date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Purchased Receivable to the Seller;

**Receivables Sale Agreement** means the receivables sale agreement dated the Closing Date between the Seller, the Issuer and the Security Trustee, as amended or restated from time to time;

**Receivables Warranties** means the representations and warranties made by the Seller in respect of the Purchased Receivables in the Receivables Sale Agreement;

**Receiver** means any person (being a licensed insolvency practitioner) who is appointed by the Security Trustee to be a receiver or an administrative receiver (as the case may be) of the Charged Property to act jointly, independently, or jointly and severally, as the Security Trustee shall determine;

**Records** means:

- (a) all agreements, files, microfiles, correspondence, notes of dealing and other documents, books, books of account, registers, records and other information; and
- (b) all computer tapes, discs, computer programs, data processing software and related property rights owned by or under the control and disposition of the Seller;

**Recovery Amounts** means, on a Calculation Date, any amount received in the immediately preceding Calculation Period in relation to a Defaulted Receivable that is a Purchased Receivable (and remains a Final Receivable), including Income Recoveries and Principal Recoveries;

**Reference Date** means, in respect of the Initial Purchase Date, the Cut-off Date and, in respect of any Further Purchase Date, the final day of the calendar month immediately preceding such Purchase Date;

**Register** means the register maintained by the Registrar with respect to the Class A Notes and the Class Z Notes;

**Registrar** means as at the Closing Date, Citibank N.A., London Branch, acting through its offices at Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

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

**Reinvestment Ledger** means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

**Related Third Party Creditors** means any creditor of the Issuer (not being a Secured Creditor) in respect of costs, fees, expenses or other amounts (including taxes) incurred by the Issuer to such creditor or required by law to be paid to such creditor in each case;

**Related Underlying Agreement** means, in relation to each Receivable, the Underlying Agreement from which such Receivable derives;

**Relevant Date** has the meaning given to it in Condition 8 (*Prescription*);

**Relevant Member State** means each Member State of the European Economic Area which has implemented the Offering Circular Regulation;

**Replacement Cash Management Agreement** means an agreement entered into by the Replacement Cash Manager with the Issuer and the Security Trustee substantially on the terms of the existing Cash Management Agreement;

**Replacement Cash Manager** means the replacement cash manager appointed pursuant to the terms of the Cash Management Agreement;

**Replacement Swap Premium** means an amount received by the Issuer from a replacement Swap Counterparty upon entry by the Issuer into an agreement with such replacement Swap Counterparty to replace the outgoing Swap Counterparty, which shall be applied by the Issuer in accordance with the Cash Management Agreement and the Deed of Charge;

**Required Ratings** means such ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes;

**Requirement of Law** in respect of any person shall mean:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by an order of any court having jurisdiction;
- (c) a mandatory requirement of any regulatory authority having jurisdiction; or
- (d) a determination of an arbitrator or governmental authority;

**Reserve Deposit Agreement** means the reserve deposit agreement dated the Closing Date between the Seller as Liquidity Reserve Provider, the Issuer and the Security Trustee, as amended or restated from time to time;

**Reserve Excess Amount** means, on the earlier of the Final Class A Interest Payment Date (prior to the service of a Note Acceleration Notice) or the Final Maturity Date, the aggregate of the Liquidity Reserve Required Amount as at the preceding Interest Payment Date plus the General Reserve Required Amount as at the preceding Interest Payment Date.

**Reserve Proceeds** means the proceeds advanced by the Liquidity Reserve Provider to the Issuer under the Reserve Deposit Agreement in an amount equal to 1.25 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date to establish the Liquidity Reserve;

**Retained Interest** has the meaning given to it on page 79;

**Revenue Collections** means, in respect of a Purchased Receivable, an amount calculated by the Servicer and notified to the Cash Manager being equal to the sum of the expected Income Element scheduled to be paid by the relevant Customer (disregarding any Prepayments or late payments or arrears) in accordance with the terms of the Related Underlying Agreement as if such payments were made;

**Revenue Deficiency Ledger** means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

**Revenue Receipts** means all amounts comprising of:

- (a) the aggregate of Collections received in relation to each of the Purchased Receivables (other than Purchased Receivables that are Defaulted Receivables or COVID-19 Affected Receivables) and in respect of the repurchase price paid in respect of the repurchase of Non-Compliant Receivables or Non-Eligible Receivables in accordance with the Receivables Sale Agreement during the immediately preceding Calculation Period less any Principal Receipts received during the relevant Calculation Period;
- (b) the amount received by the Issuer in respect of any Compensation Payments, Receivables Indemnity Amounts, Final Receivables Price, Receivables Repurchase Price and Optional Repurchase Price, in each case to the extent that the same represents a payment in respect of the Income Element of the Purchased Receivables; and
- (c) any other amounts received by the Issuer in respect of the Purchased Receivables which is not in respect of the Principal Element of such Purchased Receivables;

**Revolving Period** means the period of time beginning on (and including) the Closing Date and ending on (and including) the earlier of (i) the Revolving Period End Date and (ii) the Revolving Period Termination Date;

**Revolving Period End Date** means the Interest Payment Date falling in November 2023 (included);

**Revolving Period Termination Date** means the date on which a Revolving Period Termination Event occurs;

**Revolving Period Termination Event** means the occurrence of any of the following:

- (a) the service of a Note Acceleration Notice by the Trustee following the occurrence of an Event of Default;
- (b) an Insolvency Event with respect to the Seller;
- (c) a Servicer Termination Event;
- (d) an Event of Default or Termination Event under the Swap Agreement (in each case as defined in the Swap Agreement);
- (e) on any Interest Payment Date, there are insufficient Available Revenue Receipts in order to fund the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount;
- (f) the Cumulative Default Ratio exceeds the Cumulative Default Trigger on any Cumulative Default Test Date;
- (g) the Swap Counterparty is downgraded below the Required Ratings and the Swap Counterparty has failed to provide collateral in accordance with the provisions of the Swap Agreement and/or has not transferred or novated any and all of its rights and obligations with respect to the Swap Agreement to an eligible replacement having at least the Required Ratings or has not procured an eligible guarantor having at least the Required Ratings;
- (h) on two consecutive Interest Payment Dates, the balance of the Reinvestment Ledger as at the Calculation Date immediately preceding the relevant Interest Payment Date is greater than 10 per cent. of the Outstanding Principal Balance of the Portfolio as at the Closing Date; or
- (i) on the immediately preceding Interest Payment Date, the debit balance of the Class Z Principal Deficiency Sub-Ledger (taking into account amounts which have been credited to the Class Z Principal Deficiency Sub-Ledger on that Interest Payment Date) is greater than 0.00.

**Risk Retention Regulatory Change Event** means any change in or the adoption of any new law, rule, direction, guidance or regulation which requires the manner in which the Retained Interest is held by the Seller to be restructured after the Closing Date or which would otherwise result in the manner in which the Retained Interest is held by the Seller to become non-compliant in relation to a Noteholder or which would otherwise have an adverse effect on the ability of the Seller to comply with Article 6 of the Securitisation Regulation or the U.S. Risk Retention Rules;

**Secured Creditors** means the Seller, the Security Trustee, the Note Trustee, any Appointee, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Account Bank, the Custodian, the Agents, the Liquidity Reserve Provider, the Swap Counterparty, the Corporate Services Provider, the Noteholders and any Receiver and any other party which becomes a Secured Creditor pursuant to the Deed of Charge;

**Secured Liabilities** means any and all monies, obligations and liabilities and all other amounts due, owing, payable or owed by the Issuer to the Secured Creditors under the Notes and/or the Transaction Documents, and references to Secured Liabilities includes references to any of them;

**Securities Act** means the United States Securities Act of 1933, as amended;

**Securitisation** means the securitisation transaction entered into on or about the Closing Date under the Transaction Documents in connection with the issue of the Notes by the Issuer;



**Securitisation Regulation** means Regulation (EU) 2017/2402 as amended, varied, superseded or substituted from time to time including the Securitisation Rules applicable from time to time.

**Securitisation Repository Operational Standards** means Commission Delegated Regulation (EU) 2020/1229.

**Securitisation Rules** mean: (i) applicable regulatory and/or implementing technical standards or delegated regulation made under the Securitisation Regulation (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements relating to the application of the Securitisation Regulation published by the European Banking Authority, the European Securities and Markets Association, the European Insurance and Occupational Pensions Authority (or their successor), collectively, the European Supervisory Authorities or **ESAs**, including any applicable guidance and policy statements issued by the Joint Committee of ESAs and/or the European Commission; and/or (iii) any applicable laws, regulations, rules, guidance or other implementing measures of the FCA, PRA or other relevant UK regulator (or their successor) relating to the application of the Securitisation Regulation regime in the UK including, the applicable successor laws, regulations, rules and other relevant measures, in each case, as amended, supplemented, superseded or modified from time to time.

**Security** means the security constituted by and pursuant to the Deed of Charge;

**Security Trustee** means Citibank N.A., London Branch, acting through its office at Citigroup Centre, 25 – 28 Canada Square, Canary Wharf, London E14 5LB, and includes any successors or assigns;

**Seller** means Sainsbury's Bank plc (registered number 03279730), a public limited company registered in England, whose registered office is at 33 Holborn, London, EC1N 2HT, United Kingdom in its capacity as seller of the Purchased Receivables to the Issuer under the Receivables Sale Agreement;

**Seller Power of Attorney** means the power of attorney executed by the Seller in favour of the Security Trustee under the Receivables Sale Agreement;

**Senior Expenses** means the amounts set out in items (a) to (f) inclusive of the Pre-Acceleration Revenue Priority of Payments and which shall be paid sequentially in the order that they appear in the Pre-Acceleration Revenue Priority of Payments);

**Servicer** means the person appointed by the Issuer under the Servicing Agreement to service the Purchased Receivables being, at the Closing Date, Sainsbury's Bank plc whose registered office is at 33 Holborn, London, EC1N 2HT, United Kingdom and includes any successors or assigns;

**Servicer Report** means the file prepared on a monthly basis by the Servicer and known as the Monthly Collections File, to be delivered by the Servicer to the Cash Manager pursuant to the Servicing Agreement;

**Servicer Standard of Care** means the standard of care set out in the Servicing Agreement to which the Servicer will perform its obligations and the exercise of its discretions under the Servicing Agreement and its exercise of the rights of the Issuer in respect of contracts and arrangements giving rise to payment obligations in respect of the Purchased Receivables;

**Servicer Termination Event** means:

- (a) the Servicer fails to pay any amount due under the Servicing Agreement on the due date or on demand, if so payable, or to direct any movement of collections as required under the Servicing Agreement and the other Transaction Documents, and such failure has continued unremedied for a period of five Business Days or, where such failure is solely due to a technical or administrative error, ten Business Days since the date on which such technical or administrative error has occurred or

- (b) other than as set forth in paragraph (d) below, any representation, warranty, certification or statement made by the Servicer in the Servicing Agreement (or in any report or other document delivered pursuant thereto) shall prove to have been incorrect in any material respect when made or deemed to be made or, if capable of remedy, remains unremedied for 30 calendar days commencing after the earlier of (I) the entity becoming aware of such non-compliance and (II) written notice of such non-compliance being received by the Servicer; or
- (c) the Servicer fails to observe or perform in any material respect any of its covenants and obligations under or pursuant to the Servicing Agreement or any other Transaction Document to which it is a party and continues unremedied for a period of 30 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer; or
- (d) the Servicer fails to maintain its authorisations and permissions required under the FSMA or any other regulatory licence or approval required under the terms of the Servicing Agreement and such failure continues unremedied for a period of 30 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer; or
- (e) the occurrence of an Insolvency Event in relation to the Servicer,

provided that in the case of each of the failures or defaults described in paragraphs (b) and (c) above, such failure or default results in a material adverse effect on the interests of the holders of the Notes then outstanding.

**Servicing Agreement** means the servicing agreement expected to be dated on or around the Closing Date relating to the Purchased Receivables between the Issuer and the Servicer, as amended or restated from time to time;

**Servicing Fee** has the meaning given to it in the section entitled "*Overview of the Transaction Documents*";

**Share Trustee** means, as at the Closing Date, CSC Corporate Services (UK) Limited, whose registered office is at 10th Floor, 5 Churchill Place, London E14 5HU, and includes any successors or assigns;

**Solvency II Regulation** means Regulation (EU) No 2015/35;

**Specified Office** means, with respect to the Agents, the offices listed at the end of the Conditions or such other offices as may from time to time be duly notified pursuant to Condition 14 (*Notice to Noteholders*);

**Standard Documentation** or **Standard Documents** means the forms of the standard documents used by the Seller in originating Underlying Agreements to be appended to the Receivables Sale Agreement (including any data tape or computer disk containing such agreements) and any revised or substitute form;

**Sterling** or **£** means the lawful currency of the United Kingdom;

**STS Notification** means a notification to ESMA by the Originator in accordance with Article 27 that the requirements of Articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to the Notes.

**STS Notification Technical Standards** mean Commission Delegated Regulation (EU) 2020/1226 and Commission Implementing Regulation (EU) 2020/1227.

**Subordinated Swap Amount** means any termination amount payable by the Issuer to the Swap Counterparty under the Swap Agreement as a result of either (i) an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement), or (ii) any of the Additional Termination Event (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the sole Affected Party (as defined in the Swap Agreement), including such events which occur as a result

of the failure of the Swap Counterparty to comply with the requirements of the rating downgrade provisions set out in the Swap Agreement;

**Subscription Agreement** means the subscription agreement in respect of the Notes expected to be dated on or prior to the Closing Date between, among others, the Issuer, the Seller, the Arranger in respect of the subscription of the Notes;

**Subsidiary** means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006) or a subsidiary undertaking (within the meaning of Section 1162 of the Companies Act 2006);

**Surplus Available Principal Receipts** means the Available Principal Receipts to be applied as Available Revenue Receipts in accordance with item (g) of the Pre-Acceleration Principal Priority of Payments;

**Swap Agreement** means the International Swaps and Derivatives Association, Inc.'s 1992 Master Agreement, the schedule thereto, and any credit support annexes or other credit support documents related thereto and the transaction confirmation, each dated on or prior to the Closing Date, between the Issuer and the Swap Counterparty and the transactions effected thereunder in respect of the Notes (or such replacement swap agreement as the Issuer may enter into in accordance with the Transaction Documents);

**Swap Calculation Period** means a "Calculation Period" as defined in the Swap Agreement;

**Swap Counterparty** means as at the Closing Date, NatWest Markets plc (or such other replacement party as may be appointed by the Issuer in accordance with the Transaction Documents);

**Swap Collateral** means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by the Swap Counterparty to the Issuer in respect of the Swap Counterparty's obligations to transfer collateral to the Issuer under the Swap Agreement, which, for the avoidance of doubt, shall include any amount of interest credited to any relevant Swap Collateral Account;

**Swap Collateral Account** means the account opened by the Issuer with the Account Bank, into which Swap Collateral, in the form of cash, will be posted by the Swap Counterparty pursuant to the Swap Agreement;

**Swap Tax Credits** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Counterparty to the Issuer, the amounts of which shall be applied by the Issuer in accordance with the Cash Management Agreement;

**Swap Termination Payment** means any payment due to the Swap Counterparty upon the early termination of a transaction under the Swap Agreement;

**Tax Authority** means any government, state, municipality or any local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world, including, in the United Kingdom, HMRC and any successor thereof, in each case having power to levy any tax;

**Temporary Global Note** shall have the meaning given to it in the Conditions;

**Transaction Account** means the Sterling account in the name of the Issuer with the Account Bank, and designated as such;

**Transaction Documents** means the Trust Deed (including the Conditions), the Notes (when issued), the Agency Agreement, the Servicing Agreement, the Cash Management Agreement, the Account Bank Agreement, the Deed of Charge, the Issuer Power of Attorney, the Seller Power of Attorney, the Master Definitions Agreement, the Receivables Sale Agreement, the Corporate Services Agreement, the Share Trust

Deed, the Collections Accounts Declaration of Trust, the Reserve Deposit Agreement, the Swap Agreement, any Swap Collateral Custody Agreement and any other document entered into by one or more Transaction Parties which is designated as a **Transaction Document** with the consent of the Note Trustee, the Security Trustee, the Issuer and the Seller;

**Transaction Party** means each of the Issuer, Holdings, the Seller, the Note Trustee, the Agents, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Security Trustee, the Account Bank, the Custodian, the Liquidity Reserve Provider, the Corporate Services Provider, the Share Trustee, the Swap Counterparty, the Registrar and any other party to the Transaction Documents;

**Trust Deed** means the trust deed constituting the Notes dated the Closing Date between the Issuer and the Note Trustee, as amended or restated from time to time;

**U.S. Risk Retention Rules** means the final rules promulgated under Section 15G of the Exchange Act;

**Underlying Agreement** means any agreement with a Customer (including any modifying agreements supplemental thereto) from which any Receivable derives;

**Unsecured Personal Loans** means loans originated by the Originator described as "unsecured personal loans", as described in the section entitled "*Characteristics of the Portfolio*";

**UTCCR** means the Unfair Terms in Consumer Contracts Regulations 1999 as amended;

**UTR** means the Consumer Protection from Unfair Trading Regulations 2008;

**Value Added Tax** or **VAT** means value added tax as provided for in the Value Added Tax Act 1994 and legislation (delegated or otherwise supplemental thereto) and any similar tax replacing or introduced in addition to the same;

**Variation** means any amendment or variation to the terms of a Related Underlying Agreement after the relevant Reference Date, as applicable;

**Voting Certificate** means, in relation to a Meeting, a certificate issued by the Paying Agent stating:

- (a) that Blocked Notes will not be released until the earlier of:
  - (i) a specified date which falls after the conclusion of the Meeting; and
  - (ii) the surrender of such certificate to the Paying Agent, and
- (b) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes;

**Written Resolution** means a resolution in writing signed by or on behalf of Noteholders of any Class of:

- (a) in respect of any Ordinary Resolution, more than 50 per cent.; and
- (b) in respect of any Extraordinary Resolution, at least 75 per cent.

in aggregate Principal Amount Outstanding of the Notes of such Class which resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes; and

**48 Hours** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents

have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.

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