

BAVARIAN SKY UK 5 PLC

(a public company incorporated with limited liability under the laws of England and Wales having its registered office at

Third Floor, 1 King's Arms Yard, London, EC2R 7AF with registered number 14032087)

£400,000,000 Class A Floating Rate Notes due April 2031, issue price: 100%

£78,000,000 Class B Fixed Rate Notes due April 2031, issue price: 100%

£71,400,000 Class C Fixed Rate Notes due April 2031, issue price: 100%

Bavarian Sky UK 5 plc (the "Issuer"), will issue the Notes in the classes set out above on 20 April 2023 (the "Issue Date") (the "Transaction"). All documents relating to the Transaction, as more specifically described herein, are referred to as the "Transaction Documents".

The Class A Notes, the Class B Notes and the Class C Notes (each such class, a "Class", and all Classes collectively, the "Notes") of the Issuer are backed by a portfolio of hire purchase receivables (the "Purchased Receivables") originated pursuant to PCP Agreements in relation to certain passenger cars, light commercial vehicles or motorcycles (the "Financed Vehicles") and certain other collateral more specifically described herein (the other collateral and the proceeds therefrom, the "Related Collateral"). The obligations of the Issuer under the Notes will be secured by security interests granted to HSBC Corporate Trustee Company (UK) Limited (the "Trustee") acting as trustee for, *inter alios*, the Noteholders pursuant to a trust deed (the "Trust Deed") entered into between, *inter alios*, the Trustee and the Issuer and a deed of charge (the "Deed of Charge") entered into between the Trustee and the Issuer. Although all Classes will share in the same security, upon the delivery of an Enforcement Notice by the Trustee to the Issuer, the Class A Notes will rank senior to the Class B Notes and to the Class C Notes and the Class B Notes will rank senior to the Class C Notes, see "TRANSACTION OVERVIEW – Post-Enforcement Priority of Payments". The Issuer will apply the net proceeds from the issue of the Notes to purchase on the Issue Date (as defined below) the Purchased Receivables and the Related Collateral. Certain characteristics of the Purchased Receivables and the Related Collateral are described in "ELIGIBILITY CRITERIA" and in "PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA".

This Offering Circular has been approved by the Luxembourg financial regulator (*Commission de Surveillance du Secteur Financier*) (the "CSSF") as competent authority under Regulation (EU) 2017/1129 (the "EU Prospectus Regulation"). The CSSF only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency requirements imposed by the EU Prospectus Regulation and the Luxembourg law dated 16 July 2019 on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) (the "Luxembourg Prospectus Law"). Such approval should neither be considered as an endorsement of the Issuer that is the subject of this Offering Circular nor of the quality of the Notes that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in the Notes. In the context of such approval, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with Article 6(4) of the Luxembourg Prospectus Law. Application has also been made to the Luxembourg Stock Exchange (*Bourse de Luxembourg*) (the "Luxembourg Stock Exchange") for the Notes to be listed on the official list of the Luxembourg Stock Exchange on the Issue Date and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments. This Offering Circular constitutes a prospectus for the purpose of Article 6(3) of the EU Prospectus Regulation. This Offering Circular will be published in electronic form on the website of the Luxembourg Stock Exchange (www.luxse.com).

This Offering Circular is valid for a period of twelve months from the date of approval. The obligation to prepare a supplement to this Offering Circular in the event of any significant new factor, material mistake or inaccuracy does not apply when the Offering Circular is no longer valid. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Offering Circular after the time when trading of such securities on a regulated market begins.

HSBC Bank plc ("HSBC") and Banco Santander, S.A. ("Santander", and together with HSBC, the "Joint Lead Managers") and Lloyds Bank Corporate Markets plc ("Lloyds") and RBC Europe Limited ("RBC Capital Markets") (the "Co-Managers" and, together with the Joint Lead Managers, the "Managers") will subscribe or will procure the subscription of the Notes on the Issue Date and will offer the Notes, from time to time, in negotiated transactions or otherwise, at varying prices to be determined at the time of sale.

For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS". An investment in the Notes is suitable only for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

For reference to the definitions of capitalised terms appearing in this Offering Circular, see "MASTER DEFINITIONS SCHEDULE". Any website referred to in this Offering Circular is for information purposes only and does not form part of this Offering Circular.

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|-------------------------------|---------------------------------------|---------------------|
| HSBC | Joint Lead Managers/Joint Bookrunners | Santander |
| | Arranger | |
| | BMW Financial Services (GB) Limited | |
| | Co-Managers | |
| Lloyds Bank Corporate Markets | | RBC Capital Markets |

The date of this Offering Circular is 18 April 2023.

The Notes will be governed by the laws of England and Wales.

Each of the Class A Notes, the Class B Notes and the Class C Notes will be initially represented by a global note in registered form (each, a "**Global Note**") and are intended to be held under the New Safekeeping Structure ("**NSS**"). Each Global Note is recorded in the records of Euroclear Bank SA/NV as the operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**", and, together with Euroclear, the "**Clearing Systems**"). Each of the Global Notes representing the Notes will be deposited with a common safekeeper (the "**Common Safekeeper**") appointed by Euroclear Bank SA/NV as the operator of Euroclear and Clearstream, Luxembourg on or prior to the Issue Date and will be registered in the name of a nominee of the Common Safekeeper. The Common Safekeeper will hold the Global Notes representing the Notes in custody for Clearstream, Luxembourg and Euroclear and any successor in such capacity. The Notes represented by Global Notes may be transferred in book-entry form only. The Notes will be issued in denomination of £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit, higher integral multiples of £1,000. The Global Notes will be exchangeable for definitive notes under certain conditions. See "*DESCRIPTION OF THE GLOBAL NOTES*".

The Rated Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Rated Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper for the Rated Notes and does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. In particular, please see the risk factor entitled "*Eurosystem eligibility*" below.

The Seller will purchase and retain all Retained Class C Notes for the life of the Transaction in order to comply with the Risk Retention Rules. See "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes - Basel Capital Accord and regulatory capital requirements*".

THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF THE MANAGERS, THE JOINT BOOKRUNNERS, THE ARRANGER, THE SELLER, THE SERVICER (IF NOT THE SELLER), THE SWAP COUNTERPARTY, THE TRUSTEE, THE DATA TRUSTEE, THE ACCOUNT BANK, THE INTEREST DETERMINATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE CALCULATION AGENT, THE CORPORATE SERVICES PROVIDER, THE COMMON SAFEKEEPER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY (OTHER THAN THE ISSUER) TO THE TRANSACTION DOCUMENTS. IT SHOULD BE NOTED FURTHER THAT THE NOTES WILL ONLY BE CAPABLE OF BEING SATISFIED AND DISCHARGED FROM THE ASSETS OF THE ISSUER. NEITHER THE NOTES NOR THE UNDERLYING PURCHASED RECEIVABLES WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AUTHORITY OR BY THE MANAGERS, THE ARRANGER, THE SELLER, THE SERVICER (IF DIFFERENT FROM THE SELLER), THE CALCULATION AGENT, THE SWAP COUNTERPARTY, THE TRUSTEE, THE DATA TRUSTEE, THE ACCOUNT BANK, THE INTEREST DETERMINATION AGENT, THE PRINCIPAL PAYING AGENT, THE CORPORATE SERVICES PROVIDER, THE COMMON SAFEKEEPER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY (OTHER THAN THE ISSUER) TO THE TRANSACTION DOCUMENTS OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

| Class | Class Outstanding Note Balance on Issue Date | Interest Rate | Issue Price | Expected Ratings | Legal Final Maturity Date | ISIN Code | Common Code |
|-------|---|---|----------------|---|--|--------------|----------------|
| A | £400,000,000 | Compounded Daily SONIA plus 0.62% <i>per annum</i> , and if such rate is below zero, the Interest Rate will be zero | 100% | AAA(sf) by Fitch Aaa(sf) by Moody's | Payment Date falling in April 2031 | XS2495078904 | 249507890 |
| B | £78,000,000 | 1.00% <i>per annum</i> | 100% | A(sf) by Fitch A1(sf) by Moody's | Payment Date falling in April 2031 | XS2495079209 | 249507920 |
| C | £71,400,000 | 1.50% <i>per annum</i> | 100% | Unrated | Payment Date falling in April 2031 | XS2495079621 | 249507962 |

Interest on the Class A Notes will accrue on the Outstanding Note Balance of each Class A Note at a *per annum* rate equal to the sum of the Sterling Overnight Interbank Average Rate (SONIA) and a margin of 0.62% *per annum*, **provided that** if such rate is below zero, the applicable Interest Rate will be zero. Interest on the Class B Notes will accrue on the Outstanding Note Balance of each Class B Note at a *per annum* rate of 1.00%. Interest on the Class C Notes will accrue on the Outstanding Note Balance of each Class C Note at a *per annum* rate of 1.50%. Interest will be payable in sterling by reference to successive interest accrual periods (each, an "**Interest Period**") monthly in arrear on the twentieth (20th) day of each calendar month, **provided that** if such day is not a Business Day, the payment date will be the next succeeding Business Day unless such day would thereby fall into the next calendar month, in which case the payment date will be the immediately preceding Business Day (each, a "**Payment Date**"). The first of such Payment Dates will be 20 May 2023. "**Business Day**" means any day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London, Munich and Frankfurt am Main. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 6 (Interest)*".

If any withholding or deduction for or on account of tax (including, for the avoidance of doubt, in respect of FATCA) is at any time required by law in respect of payment of interest or principal in respect of the Notes, payments under the Notes will be made subject to such withholding or deduction. The Notes will not provide for any gross-up or other payments in the event that payments under the Notes become subject to any such withholding or deduction. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 9 (Taxation)*".

Amortisation of the Notes will commence on the first Payment Date on or following the termination of the Revolving Period. See "*CREDIT STRUCTURE AND FLOW OF FUNDS — Amortisation*".

The Notes will mature on the Payment Date falling in April 2031 (the "**Legal Final Maturity Date**"), unless previously redeemed in full. The Notes will be subject to partial redemption, early redemption and/or optional redemption before the Legal Final Maturity Date in specific circumstances and subject to certain conditions. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 8 (Redemption)*".

The Class A Notes and the Class B Notes are expected, on the Issue Date, to be rated by Fitch Ratings Ltd ("**Fitch**") and Moody's Investor Services Limited ("**Moody's**") (together with Fitch, the "**Rating Agencies**"). It is a condition to the issue of the Class A Notes and the Class B Notes (the "**Rated Notes**") that such Classes of Notes are assigned the ratings indicated in the above table.

UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third-country non-UK credit rating agencies, third-country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third-country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third-country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third-country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

If the status of the Rating Agencies rating the Rated Notes changes for the purposes of the UK CRA Regulation or the EU CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Rated Notes may have a different regulatory treatment, which may impact the value of the Rated Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Each of Fitch and Moody's is a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation.

The FCA is obliged to maintain on its website, <http://www.fca.org.uk/>, a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation. This list must be updated within five (5) working days of the FCA's adoption of any decision to withdraw the registration of a credit rating agency under the UK CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA list. The contents of this website do not form part of this Offering Circular and are not incorporated by reference into this Offering Circular. Each of Fitch and Moody's is included on the list of registered and certified credit rating agencies that is maintained by the FCA.

The ratings assigned to the Rated Notes by Fitch will be endorsed by Fitch Ratings Ireland which is established in the European Union and registered under the EU CRA Regulation. The ratings assigned to the Rated Notes by Moody's will be endorsed by Moody's Deutschland GmbH which is established in the European Union and registered under the EU CRA Regulation.

Each of the Rating Agencies' rating of the Rated Notes addresses the likelihood that the holders of the Rated Notes of such Class will receive (a) in the case of Fitch, full and timely payment of interest and ultimate repayment of principal on the Rated Notes and (b) in the case of Moody's, full and timely payment of interest and full and ultimate repayment of principal on the Rated Notes, as described herein. The ratings of "AAA(sf)" and "Aaa(sf)" are the highest rating that each of Fitch and Moody's, respectively, assigns to long-term structured finance obligations. See "*RISK FACTORS — II. Risks relating to the Notes — Ratings of the Class A Notes and the Class B Notes*".

According to the latest available version of the Fitch rating definitions dated 21 March 2022 (the "**Fitch Rating Definitions**") an "AAA(sf)" rating denotes the lowest expectation of default risk. It is assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. In accordance with the Fitch Rating Definitions, an "A(sf)" rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong but such capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The suffix 'sf' denotes an issuance that is a structured finance transaction.

According to the latest available version of the Moody's rating symbols definitions dated 20 December 2022 (the "**Moody's Rating Definitions**") obligations that are rated "Aaa(sf)" are judged to be of the highest quality, subject to the lowest level of credit risk. In accordance with the Moody's Rating Definitions, an obligation rated "Baa2" are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. The (sf) indicator for structured finance security ratings indicates

that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics.

However, the ratings assigned to the Rated Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the holders of the Rated Notes might suffer a lower than expected yield due to prepayments or early amortisation or may fail to recoup their initial investments. Prepayments may for example occur in the event of a clean-up call (see "*TRANSACTION OVERVIEW — Clean-Up Call Option*", "*TRANSACTION OVERVIEW — Early Redemption*" and "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.3 (Clean-Up Call)*"), or in the event that the Seller breached the Eligibility Criteria.

The ratings assigned to the Rated Notes should be evaluated independently against similar ratings of other types of securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time.

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies. The Issuer has not requested a rating of the Class C Notes by any rating agency. There can be no assurance as to whether any other rating agency will rate the Rated Notes or, if such rating agency does, what rating would be assigned by such other rating agency. Nor can there be any assurance as to whether any rating agency will rate the Class C Notes or if such rating agency does, what rating would be assigned by such rating agency. The rating assigned to the Rated Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

UK SECURITISATION REGULATION AND EU SECURITISATION REGULATION REQUIREMENTS

UK and EU Risk Retention Requirements

BMW Financial Services (GB) Limited ("**BMW FS**"), in its capacity as Seller and as Subordinated Lender will retain, on an ongoing basis a material net economic interest of not less than 5% in the Transaction in accordance with (a) Article 6(1) of the UK Securitisation Regulation (the "**UK Risk Retention Requirements**") and (b) Article 6(1) of the EU Securitisation Regulation (as in force on the Issue Date) (the "**EU Risk Retention Requirements**") only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis.

The Seller will (as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) (i) retain, on an ongoing basis until the earlier of the redemption of the Class A Notes and the Class B Notes in full and the Legal Final Maturity Date, the Class C Notes in an amount the sum of which (when aggregated with the principal amount of the Subordinated Loan) is equal to not less than 5% of the nominal value of the securitised exposures (the "**Retained Class C Notes**") and (ii) retain, in its capacity as Subordinated Lender, on an ongoing basis until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date, and as required by the text of paragraph (d) of Article 6(3) of the UK Securitisation Regulation and paragraph (d) of Article 6(3) of the EU Securitisation Regulation (as in force on the Issue Date) (only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis) a first loss tranche constituted by the claim for repayment of a loan advance in an initial principal amount of £7,200,000, made available by the Subordinated Lender to the Issuer under the Subordinated Loan Agreement (the "**Subordinated Loan**" and, together with the Retained Class C Notes, the "**Retained Interest**") on the Issue Date so that the sum of the aggregate principal amount of the Retained Class C Notes and the principal amount of the Subordinated Loan is equal to at least 5% of the nominal amount of the "securitised exposures" (*i.e.* the Purchased Receivables) on the Issue Date.

The Seller will purchase and acquire the Retained Class C Notes from the Issuer. Pursuant to any Priority of Payments, any payments due under the Subordinated Loan Agreement are subordinated to payments due under the Notes. Prior to the full redemption of all Notes, no outstanding principal amount under the Subordinated Loan will be repaid in accordance with the applicable Priority of Payments with the effect that prior to the redemption of all Notes in full, the sum of the aggregate outstanding principal amount of the Subordinated Loan and the aggregate principal amount of the Retained Class C Notes will on any date until the earlier of the redemption of the Class A Notes and Class B Notes in full and the Legal Final Maturity Date equal at least 5% of the nominal amount of the "securitised exposures" (*i.e.* the Purchased Receivables). Pursuant to the Incorporated Terms Memorandum, the Seller undertakes (i) to retain the Retained Class C Notes and not to sell and/or transfer them (whether in full or in part) to any third party until the earlier of the redemption of the Class A Notes and the Class B Notes in full and the Legal Final Maturity Date and (ii), in its capacity as Subordinated Lender, to grant and keep outstanding the Subordinated Loan and not to sell and/or transfer and/or hedge the Subordinated Loan (whether in full or in part) until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date, subject always to any requirement of law applicable to it. The retained exposures may be reduced over time by amortisation and allocation of losses or defaults on the underlying Receivables. Any change to the manner in which the Retained Interest is held will be notified by the Seller to the Issuer, the Arranger, any Manager, the Trustee, the Servicer and the Calculation Agent. The Subordinated Lender has further acknowledged that monthly confirmations of the Subordinated Lender's continued holding of the Retained Interest will be made available to the Noteholders, to the competent authorities and, upon request, to potential investors referred to in Article 29 of the UK Securitisation Regulation and Article 29 of the EU Securitisation Regulation by means of the UK SR Investor Reports and EU SR Investor Reports.

UK and EU Transparency Requirements

UK Transparency Requirements

The Issuer (as the SSPE (as defined in the UK Securitisation Regulation)) has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation. Notwithstanding the appointment of the Issuer as designated entity, the Seller as the originator is responsible for compliance with Articles 7 and 22(5) of the UK Securitisation Regulation. 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 to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.

The Issuer will procure that the Servicer will:

- (a) from the Issue Date:
 - (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;
 - (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "**UK SR Investor Reports**");
- (b) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date);
- (c) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation

Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation; and

- (d) make available (i) the draft STS notification prior to the pricing of the Notes and (ii) the STS Notification on or about the Issue Date,

provided that (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the UK Securitisation Regulation remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control.

The reports set out in paragraph (a) above and the documentation and information set out in paragraphs (b), (c) and (d) above shall be published or made otherwise available by the Servicer as required under Article 7(2) of the UK Securitisation Regulation on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation (the "**UK SR Repository**"). Each UK SR Investor Report shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

Any events which trigger changes in the Priority of Payments and any change in the Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

Any material changes to the Seller's prior underwriting policies and credit and collection procedures shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation and the Transaction Documents.

The Issuer intends that this Offering Circular constitutes a transaction summary overview of the main features of the Transaction contemplated herein for the purposes of Article 7(1)(c) of the UK Securitisation Regulation (and make the same available to investors prior to the pricing of the Notes).

EU Transparency Requirements

The Issuer (as the SSPE (as defined in the EU Securitisation Regulation (as in force on the Issue Date))) has been appointed as the designated entity under Article 7(2) of the EU Securitisation Regulation (as in force on the Issue Date). The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the EU Securitisation Regulation. Notwithstanding the appointment of the Issuer as designated entity, the Seller as the originator is responsible for compliance with Article 7 of the EU Securitisation Regulation (as in force on the Issue Date). 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 to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.

The Issuer will procure that the Servicer will:

- (a) from the Issue Date:
- (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as in force on the Issue Date);
 - (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as in force on the Issue Date) (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the EU Securitisation Regulation (the "**EU SR Investor Reports**");

- (b) make available the documents as required by and in accordance with Article 7(1)(b) of the EU Securitisation Regulation (as in force on the Issue Date) prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date); and
- (c) publish on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation (as in force on the Issue Date) (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as in force on the Issue Date),

provided that (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control **and provided further that** (a) the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) apply only until such time when the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the disclosure requirements under Article 7 of the UK Securitisation Regulation will also satisfy the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) due to the application of an equivalency regime or similar analogous concept and (b) to the extent that, after the Issue Date, there is any divergence between the disclosure requirements under Article 7 of the UK Securitisation Regulation and the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date), the Servicer shall only continue to comply with the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) (as if such provisions were applicable to it) on a reasonable efforts basis.

The reports set out in paragraphs (a) above and the documentation and information set out in paragraphs (b) and (c) above will be published or made otherwise available by the Servicer as required under Article 7(2) of the EU Securitisation Regulation on SecRep B.V. at www.secrep.eu, being a securitisation repository registered under Article 10 of the EU Securitisation Regulation (the "**EU SR Repository**"). Each EU SR Investor Report shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

UK and EU Due Diligence Requirements

Each prospective investor and Noteholder 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 UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation (as in force on the Issue Date) and any corresponding national measures which may be relevant to investors. Neither the Issuer, the Seller, the Servicer, the Arranger, any Manager nor any other party to the Transaction Documents gives any representation or assurance that such information is sufficient in all circumstances for such purposes.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Investors who are uncertain as to the requirement that will need to be complied with in order to avoid the consequences of non-compliance should seek guidance from their regulator.

STS and the Authorised Third Party

STS Requirements

The Seller confirms that it will make an STS Notification to the FCA that the Transaction is an STS-compliant securitisation pursuant to Article 18 of the UK Securitisation Regulation. Such STS-compliant securitisations appear on the list of STS-compliant securitisations established and maintained by the FCA in accordance with Article 27(5) of the UK Securitisation Regulation (each, an "**STS Securitisation**"). The STS Notification and accompanying explanation from the Seller of the transaction's compliance with Articles 20 to 22 of the UK Securitisation Regulation (compliance with such articles being required to qualify as an STS Securitisation) will be available for inspection on the list maintained by the FCA.

Third Party Verifying STS compliance

The Seller has used the services of Prime Collateralised Securities (PCS) UK Limited ("**PCS**") as a third party authorised under Article 28 of the UK Securitisation Regulation to assess whether the Transaction complies with the STS Requirements and prepare an STS Assessment (as defined below). It is expected that the STS Assessment prepared by PCS will be available on the website of PCS (<https://www.pcsmarket.org/sts-verification-transactions>) together with a detailed explanation of its scope at <https://pcsmarket.org/disclaimer/> on and from the Issue Date. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

No assurance can be **provided that** the securitisation transaction described in this Offering Circular does or continues to qualify as an STS securitisation under the UK Securitisation Regulation at any point in time in the future. As the STS status of the securitisation transaction described in this Offering Circular is not static, investors should verify the current status of the securitisation transaction described in this Offering Circular on the FCA's website www.fca.org.uk. None of the Issuer, the Arranger, each Manager, the Trustee, the Servicer, the Seller or any of the other Transaction Parties makes any representation or accepts any liability for the securitisation transaction described in this Offering Circular to qualify as an STS securitisation under the UK Securitisation Regulation at any point in time in the future. For further information see "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes*".

Benchmark Regulation

As at the date of this Offering Circular, the Bank of England, as administrator of SONIA, does not appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to Regulation (EU) 2016/1011, as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmark Regulation**"). The Bank of England is exempt under Article 2 of the UK 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.

Amounts payable under the Class A Notes are calculated by reference to SONIA, which is provided by the Bank of England as the administrator. As at the date of this Offering Circular, the Bank of England does not appear on the register of the administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**EU Benchmark Regulation**"). As far as the Issuer is aware, the Bank of England as administrator of SONIA is not required to be registered by virtue of Article 2 of the EU Benchmark Regulation.

Responsibility for the contents of this Offering Circular

The Issuer accepts full responsibility for the information contained in this Offering Circular **provided that**, with respect to any information included herein and specified to be sourced from a third party other than on its behalf (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof. The Issuer hereby declares that, to the best of its knowledge and belief, all information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Seller and the Servicer accept responsibility for the information in this Offering Circular relating to the Purchased Receivables, the Related Collateral, the disclosure of servicing related risk factors, risk factors relating to the Purchased Receivables, the information contained in the sections headed "*EXPECTED MATURITY AND AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS*", "*PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*", "*CREDIT AND COLLECTION POLICY*" and "*THE SELLER AND SERVICER*". The Seller and the Servicer hereby declare that, to the best of their knowledge and belief, all information contained herein for which the Seller and the Servicer are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Swap Counterparty accepts responsibility for the information in this Offering Circular set out in the section headed "*THE SWAP COUNTERPARTY*". The Swap Counterparty hereby declares that, to the best

of its knowledge and belief, all information contained herein for which the Swap Counterparty is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Trustee and the Data Trustee accepts responsibility for the information in this Offering Circular set out in the section headed "*THE TRUSTEE*". Each of the Trustee and the Data Trustee hereby declares that, to the best of its knowledge and belief, all information contained herein for which the Trustee or the Data Trustee is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Account Bank, the Calculation Agent, the Principal Paying Agent, the Registrar and the Interest Determination Agent accepts responsibility for the information in this Offering Circular set out in the section headed "*THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE*". Each of the Account Bank, the Calculation Agent, the Principal Paying Agent, the Registrar and the Interest Determination Agent hereby declares that, to the best of its knowledge and belief, all information contained herein for which the Account Bank, the Calculation Agent, the Principal Paying Agent, the Registrar or the Interest Determination Agent is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Corporate Services Provider and the Back-Up Servicer Facilitator accepts responsibility for the information in this Offering Circular set out in the section headed "*THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR*". Each of the Corporate Services Provider and the Back-Up Servicer Facilitator hereby declares that, to the best of its knowledge and belief, all information contained herein for which the Corporate Services Provider or the Back-Up Servicer Facilitator is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representations, other than those contained in this Offering Circular, in connection with the issue, offering, subscription or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Seller, the Servicer (if different), the Data Trustee and the Trustee (all as defined below) or by the financial institutions shown on the cover page (the "**Arranger**", the "**Joint Bookrunners**", the "**Joint Lead Managers**" and the "**Co-Managers**") or by any other party mentioned herein.

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for any acts or omissions of the Issuer or any person (other than the relevant Manager) in connection with the issue and offering of the Notes. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

Neither the delivery of this Offering Circular nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (i) that the information in this Offering Circular is correct as of any time subsequent to the date hereof, or, as the case may be, subsequent to the date on which this Offering Circular has been most recently amended or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer or with respect to the Seller since the date of this Offering Circular (or, as the case may be, subsequent to the date on which this Offering Circular has been most recently amended or supplemented) or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Offering Circular or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No action has been taken by the Issuer or the Managers that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular (nor any part hereof) nor any information memorandum, offering circular, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and

regulations, and the Issuer and the Managers have represented that all offers and sales by them have been made and will be made on such terms.

This Offering Circular may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, the prospective investors agree to these restrictions. The distribution of this Offering Circular (or of any part thereof) and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part thereof) may come are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH OF THE MANAGERS HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED AND SOLD ANY NOTE, AND WILL NOT OFFER AND SELL ANY NOTE CONSTITUTING PART OF ITS ALLOTMENT WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH RULE 903 UNDER REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, EACH MANAGER HAS FURTHER REPRESENTED AND AGREED THAT NEITHER IT, ITS RESPECTIVE AFFILIATES NOR ANY PERSONS ACTING ON ITS OR THEIR BEHALF HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITH RESPECT TO ANY NOTE.

IN ADDITION, BEFORE FORTY (40) CALENDAR DAYS AFTER COMMENCEMENT OF THE OFFERING, AN OFFER OR SALE OF NOTES WITHIN THE UNITED STATES BY A DEALER OR OTHER PERSON THAT IS NOT PARTICIPATING IN THE OFFERING MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

EACH MANAGER HAS (I) ACKNOWLEDGED THAT THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; (II) REPRESENTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD OR DELIVERED ANY NOTES, AND WILL NOT OFFER, SELL OR DELIVER ANY NOTES, (X) AS PART OF ITS DISTRIBUTION AT ANY TIME OR (Y) OTHERWISE BEFORE FORTY (40) CALENDAR DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, EXCEPT IN ACCORDANCE WITH RULE 903 UNDER REGULATION S UNDER THE SECURITIES ACT; AND ACCORDINGLY, (III) FURTHER REPRESENTED AND AGREED THAT NEITHER IT, ITS AFFILIATES NOR ANY PERSONS ACTING ON ITS OR THEIR BEHALF HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITH RESPECT TO ANY NOTE, AND THEY HAVE COMPLIED AND WILL COMPLY WITH THE OFFERING RESTRICTIONS REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, AND (IV) ALSO AGREED THAT, AT OR PRIOR TO CONFIRMATION OF ANY SALE OF NOTES, IT WILL HAVE SENT TO EACH DISTRIBUTOR, DEALER OR PERSON RECEIVING A SELLING CONCESSION, FEE OR OTHER REMUNERATION THAT PURCHASES NOTES FROM IT DURING THE DISTRIBUTION COMPLIANCE PERIOD A CONFIRMATION OR NOTICE TO SUBSTANTIALLY THE FOLLOWING EFFECT:

"THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS BY ANY PERSON REFERRED TO IN RULE 903(B)(2)(III) (X) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (Y) OTHERWISE UNTIL FORTY (40) CALENDAR DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE EXCEPT IN EITHER CASE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. TERMS USED ABOVE HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

TERMS USED IN THE FOREGOING PARAGRAPHS HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

EACH MANAGER HAS REPRESENTED, WARRANTED AND AGREED 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 INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA")) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OF THE NOTES IN CIRCUMSTANCES IN WHICH SECTION 21 (1) OF THE FSMA DOES NOT APPLY TO THE ISSUER, 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 ANY NOTES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

IN THE FOREGOING PARAGRAPH, "**UNITED KINGDOM**" SHALL MEAN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND.

EACH MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, NOTES TO THE PUBLIC IN FRANCE WITHIN THE MEANING OF ARTICLE L.411-1 OF THE FRENCH MONETARY AND FINANCIAL CODE (*CODE MONÉTAIRE ET FINANCIER*), AND THAT IT HAS NOT DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND WILL NOT DISTRIBUTE OR CAUSE TO BE DISTRIBUTED TO THE PUBLIC IN FRANCE THIS OFFERING CIRCULAR OR ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES AND SUCH OFFERS, SALES AND DISTRIBUTIONS HAVE BEEN AND WILL BE MADE IN FRANCE ONLY TO (A) PROVIDERS OF INVESTMENT SERVICES RELATING TO PORTFOLIO MANAGEMENT FOR THE ACCOUNT OF THIRD PARTIES (*PERSONNES FOURNISSANT LE SERVICE D'INVESTISSEMENT DE GESTION DE PORTEFEUILLE POUR COMPTE DE TIERS*), AND/OR (B) QUALIFIED INVESTORS (*INVESTISSEURS QUALIFIÉS*) INVESTING FOR THEIR OWN ACCOUNT AS DEFINED IN AND IN ACCORDANCE WITH ARTICLES L.411-1, L.411-2 AND D.411-1 OF THE FRENCH MONETARY AND FINANCIAL CODE (*CODE MONÉTAIRE ET FINANCIER*).

THE NOTES OFFERED BY THIS OFFERING CIRCULAR MAY NOT BE SOLD TO, 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**") (SUCH PERSON A "**RISK RETENTION U.S. PERSON**"), EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BMW FS. PROSPECTIVE INVESTORS SHOULD BE AWARE 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" IN REGULATION S UNDER THE SECURITIES ACT. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED, TO EXPRESSLY HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF BMW FS); (2) IS ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE; AND (3) IS NOT ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5% of the credit risk of the Notes for purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. No other steps have been taken by the Issuer, the Seller, Arranger, the Managers or the Joint Bookrunners or any of their Affiliates or any other party to otherwise comply with the U.S. Risk Retention Rules. See "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes — U.S. Risk Retention*".

This Offering Circular may only be used for the purposes for which it has been published. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of any offer to buy any of the securities offered hereby in any circumstances in which such offer or solicitation is unlawful. This Offering Circular

does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Offering Circular (or of any part thereof), see "*SUBSCRIPTION AND SALE*".

An investment in these Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any Losses which may result from such investment.

It should be remembered that the price of securities and the income deriving from them may increase as well as decrease.

*Prospective investors of the Notes should conduct such independent investigation and analysis as they deem appropriate to evaluate the merits and risks of an investment in the Notes. **If you are in doubt about the contents of this Offering Circular, you should consult your stockbroker, bank manager, legal adviser, accountant or other financial adviser.** None of the Managers or the Arranger makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied by the Issuer in connection with the Notes and accept any responsibility or liability therefore. None of the Managers or the Arranger undertakes to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers or the Arranger.*

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**pounds**", "**sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to "**€**", "**EUR**" and "**euros**" are to the lawful currency of the Member States of the European Union that have adopted or adopt the single currency in accordance with the Treaty on the Functioning of the European Union (signed in Rome on 25 March 1957) and the Treaty on European Union (signed in Maastricht on 7 February 1992), as amended from time to time, including by the Treaty of Amsterdam (signed in Amsterdam on 2 November 1997), by the Treaty of Nice (signed in Nice on 26 February 2001) and by the Lisbon Treaty (signed in Lisbon on 13 December 2007) (the "**EU Treaties**").

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language to ensure that the correct technical meaning may be ascribed to them under applicable law.

PROHIBITION OF SALES TO UK AND EEA RETAIL INVESTORS

PRIIPS REGULATION

PROHIBITION OF SALES TO UK RETAIL INVESTORS –The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the EU Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

UK MIFIR product governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

EU MiFID II product governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2015/65/EU (as amended, "**EU MIFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

CONTENTS

| | Page |
|---|-------------|
| PROHIBITION OF SALES TO UK AND EEA RETAIL INVESTORS | xiii |
| RISK FACTORS | 1 |
| CERTAIN REGULATORY DISCLOSURES | 37 |
| INTRODUCTION TO THE STRUCTURE OF THE TRANSACTION | 41 |
| STRUCTURE DIAGRAM..... | 42 |
| PARTIES TO THE TRANSACTION..... | 43 |
| TRANSACTION OVERVIEW..... | 45 |
| CREDIT STRUCTURE AND FLOW OF FUNDS | 68 |
| DESCRIPTION OF THE GLOBAL NOTES | 72 |
| TERMS AND CONDITIONS OF THE NOTES | 76 |
| OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED PARTIES..... | 101 |
| OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS..... | 108 |
| EXPECTED MATURITY AND AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS | 126 |
| ELIGIBILITY CRITERIA | 128 |
| PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA | 131 |
| CREDIT AND COLLECTION POLICY..... | 190 |
| THE ISSUER | 194 |
| HOLDINGS | 196 |
| THE SELLER AND SERVICER..... | 197 |
| THE SWAP COUNTERPARTY | 201 |
| THE TRUSTEE..... | 202 |
| THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE | 203 |
| THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR | 204 |
| TAXATION | 205 |
| SUBSCRIPTION AND SALE | 207 |
| USE OF PROCEEDS | 210 |
| GENERAL INFORMATION | 211 |
| MASTER DEFINITIONS SCHEDULE | 216 |
| INDEX OF DEFINED TERMS | 252 |

RISK FACTORS

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY AND IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES ALL THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW. PROSPECTIVE INVESTORS SHOULD (A) MAKE SUCH INQUIRIES AND INVESTIGATIONS AS THEY DEEM APPROPRIATE AND NECESSARY AND (B) REACH THEIR OWN VIEWS PRIOR TO MAKING ANY INVESTMENT DECISIONS WITHOUT RELYING ON THE ISSUER OR THE ARRANGER OR ANY MANAGER OR ANY OTHER PARTY REFERRED TO HEREIN.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. 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.

The Notes will be solely contractual obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), any substitute Servicer, the Trustee, the Swap Counterparty, the Data Trustee, the Interest Determination Agent, the Principal Paying Agent, the Registrar, the Calculation Agent, the Corporate Services Provider, the Managers, the Arranger, the Account Bank, the Common Safekeeper or any of their respective Affiliates or any Affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third Person or entity other than the Issuer. Furthermore, no Person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The Issuer believes that the risks described herein are a list of risks which are specific to the situation of the Issuer and/or the Notes and which are material for taking investment decisions by the potential Noteholders. Although the Issuer believes that the various structural elements described in this Offering Circular mitigate some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all. The Issuer does not represent that the statements below regarding the risk of holding any Notes are exhaustive. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Issuer's financial strength in relation to this Transaction.

More than one risk factor can affect simultaneously the Issuer's ability to fulfil its obligations under the Notes. The extent of the effect of a combination of risk factors is uncertain and cannot be accurately predicted.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Various factors that may affect the Issuer's ability to fulfil its obligations under the Notes are categorised below as either (i) risks relating to the Issuer, (ii) risks relating to the Notes, (iii) risks relating to the Purchased Receivables, (iv) risks relating to the Transaction Parties; (v) risks relating to the structure, (vi) legal and regulatory risks relating to the Purchased Receivables; (vii) legal, macro-economic and regulatory risks relating to the Notes and (viii) tax risks. Several risks may fall into more than one of these eight categories and investors should therefore not conclude from the fact that a risk factor is discussed under a specific category that such risk factor could not also fall and be discussed under one or more other categories.

I. Risks relating to the Issuer

Limited resources of the Issuer

The Issuer is a special purpose entity organised under and governed by the laws of England and Wales, with no business operations other than the issue of the Notes, the purchase and financing of the Purchased Receivables and the Related Collateral as well as the entry into related Transaction Documents. Therefore, the ability of the Issuer to meet its obligations under the Notes is conditional and will depend, *inter alia*, upon availability of:

- (a) the amount standing to the credit of the Cash Reserve Account as of the relevant Cut-Off Date;
- (b) any Collections received by the Servicer during the Monthly Period ending on the relevant Cut-Off Date;
- (c) any Non-Compliant Receivables Repurchase Price, CCA Compensation Payment, Receivables Indemnity Amount or PCP/VT Indemnification Amount received by the Issuer from the Seller during the Monthly Period ending on the relevant Cut-Off Date;
- (d) any Swap Net Cashflow payable by the Swap Counterparty to the Issuer on the Payment Date immediately following the relevant Cut-Off Date;
- (e) interest earned (if any) on the amounts credited to the Operating Account, the Cash Reserve Account, the Replenishment Account, the Retained Profit Account and the Set-Off Reserve Account during the relevant Monthly Period;
- (f) upon the occurrence of a Set-Off Trigger Event and while such Set-Off Trigger Event is continuing, any amount withdrawn by the Issuer from the Set-Off Reserve Account, as is equal to the relevant Service Pack Set-Off Amount;
- (g) any balance credited to the Counterparty Downgrade Collateral Account, however, only to the extent that the balance comprises: (a) the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account which are applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement; and (b) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement;
- (h) any VAT Adjustment Amount determined by the Servicer in respect of the immediately preceding Monthly Period;
- (i) (without double-counting) any sum standing to the credit of the Replenishment Account;
- (j) upon the occurrence of a Servicer Termination Event and while such Servicer Termination Event is continuing, any sum standing to the credit of the Commingling Reserve Account, as is equal to any Servicer Shortfall caused on the part of BMW Financial Services (GB) Ltd. as Servicer; and
- (k) any other amounts (other than covered by items (a) through (j) above (if any)) paid to the Issuer by any other party to any Transaction Document (or transferred to the Operating Account from any of the other Issuer Accounts that is expressed to be applied as Available Distribution Amount) up to (and including) the Payment Date immediately following the relevant Cut-Off Date, unless otherwise specified, which according to such Transaction Document is to be allocated to the Available Distribution Amount.

Other than the foregoing, the Issuer will have no funds available to meet its obligations under the Notes. Under the Notes, the Noteholders will only have a claim for payments if and to the extent that the Issuer provides for the corresponding amount of funds, subject to the applicable Priority of Payments. If no sufficient funds are available to the Issuer, there is a risk that the Noteholders will ultimately not receive the full principal amount of the Notes and/or interest thereon.

The Issuer's ability to make full payments of interest and principal on the Notes will also depend on the Servicer's ability to enforce any rights in respect of the Purchased Receivables and the Underlying Agreements and to carry out the obligations described under "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*" below.

Non-petition

The Secured Parties (or any other person acting on behalf of any of them) and each other party to the Transaction Documents shall not be entitled to take any action or commence any proceedings to recover any amounts due and payable by the Issuer under the Transaction Documents (except for the Trustee as permitted pursuant to the Transaction Documents) or to take any action or commence any proceedings or petition a court for the liquidation of the Issuer, nor enter into any arrangement, reorganisation or insolvency

proceedings in relation to the Issuer whether under the laws of England and Wales or other applicable bankruptcy laws until two years and one day after the payment or extinguishment of all Secured Obligations of the Issuer.

The proceeds of collection and enforcement of the Security created by the Issuer in favour of the Trustee will be distributed in accordance with the applicable Priority of Payments to satisfy claims of all Secured Parties thereunder. If the proceeds are not sufficient to satisfy all obligations of the Issuer, certain parties that rank more junior in the applicable Priority of Payments will suffer a Loss and the Issuer's obligation in respect of the unpaid amount shall be automatically extinguished and such Secured Parties shall have no further claim against the Issuer in respect of such unpaid amount. See "*TRANSACTION OVERVIEW — Pre-Enforcement Priority of Payments*" and "*TRANSACTION OVERVIEW — Post-Enforcement Priority of Payments*".

Insolvency of the Issuer

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. If certain proceedings are commenced in respect of the Issuer in England or the Issuer becomes subject to certain English statutory restrictions or prohibitions, the ability to realise the Security may be delayed or frustrated and/or the value of the Security impaired. This may in turn result in material losses being incurred by Noteholders.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent or becoming subject to the proceedings outlined below, there can be no assurance that the Issuer will not become insolvent and/ or the subject of such proceedings and/ or that the Noteholders would not be adversely affected by the application of the laws referred to below.

Proceedings under the Insolvency Act 1986 (the "Insolvency Act")

The Insolvency Act provides for several types of insolvency proceedings and processes which may be applicable to the Issuer.

The Insolvency Act allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets where the secured creditor has a qualifying floating charge. Although there is no case law on how these criteria will be interpreted and it is partly a question of fact in any event, the floating charge created by the Issuer and granted by way of security to the Trustee may entitle the Trustee to appoint an administrative receiver. The main duty of the administrative receiver would be to realise the Issuer's property to repay the indebtedness owed to the secured creditors who appointed it (i.e. the Noteholders acting via the Trustee).

Alternatively, the Issuer may be placed into an administration under the Insolvency Act, immediately benefiting from a moratorium on certain actions being taken against it. The Issuer could also be placed into a liquidation under the Insolvency Act, which in some circumstances can also impose a moratorium on certain actions being taken against it. If the Issuer were to enter into administration or liquidation within a certain time period following issuance of the Notes, the relevant insolvency officeholder would have the power to review transactions entered into by the Issuer prior to its insolvency (including granting of the floating charge), and potentially set them aside if the statutory grounds were met. The statutory grounds are unlikely to be met given the limited recourse nature of the Notes and the terms of the Transaction.

The Insolvency Act also provides for (a) a standalone moratorium which restricts enforcement measures against certain eligible companies, including the commencement of insolvency and other legal proceedings and the enforcement of certain security interests (although leave of the monitor or the court may be requested in certain instances) (the "**Standalone Moratorium**"), and (b) prohibitions on the enforcement of certain termination clauses and the imposition of certain amended terms by a supplier in contracts for goods and services which would have been triggered by the counterparty company being made subject to a relevant insolvency procedure (the "**Ipsa Facto Termination Provisions**").

The Issuer is not expected to be an eligible company for the purposes of either the Standalone Moratorium or the Ipsa Facto Termination Provisions. The Issuer will not be an eligible company for these purposes if it is a securitisation company within the meaning of regulation 4 of the Taxation of Securitisation Companies Regulations 2006 (see further the section entitled "*VI. Legal and regulatory risks relating to the Purchased Receivables — UK taxation treatment of the Issuer*" below). The Issuer is further not expected to be an eligible company for the purposes of the Standalone Moratorium, and the Transaction Documents are not expected to be subject to the Ipsa Facto Termination Provisions, because the Transaction

is expected to constitute a "capital market arrangement" and the Notes a "capital market investment" (each as defined under paragraphs 13 and 14 of schedule ZA1 to the Insolvency Act). That said, if for any reason the Issuer is an eligible company for the purposes of the Standalone Moratorium or the Ipso Facto Termination Provisions, application of these provisions could result in a material adverse effect on the ability of Noteholders to accelerate their debts and enforce the security granted under the Deed of Charge in a timely manner, which in turn may result in material losses being incurred by Noteholders.

Proceedings under the Companies Act 2006 (the "Companies Act")

The Companies Act provides for two statutory procedures which permit a company to enter into an arrangement or compromise with its members or creditors (or any class of them): a scheme of arrangement under Part 26 of the Companies Act (a "**Scheme**") and a restructuring plan under Part 26A of the Companies Act (a "**Restructuring Plan**").

Schemes are statutory tools which can be used to effect a wide range of contractual arrangements or compromises irrespective of the terms of the relevant contract governing the creditor/ debtor relationship (in respect of a Scheme involving a company and its creditors), provided that (among other things), (i) 75% by value and over 50% by number of those creditors present and voting of each class of creditors at formal creditor meeting(s) vote in favour of the proposed compromise or arrangement, and (ii) the English court sanctions the Scheme. A Scheme which is sanctioned by the court and properly filed is binding on all affected creditors, including those who abstained in the vote on the Scheme and those who actively dissented. A Scheme could therefore be used by the Issuer to effect a compromise or arrangement with respect to the Notes and the Security. This may result in material losses being incurred by Noteholders.

Restructuring Plans are similar to Schemes in that they can also effect a wide range of contractual arrangements or compromises irrespective of the terms of the relevant contract governing the creditor/ debtor relationship. While Restructuring Plans have different eligibility criteria and voting thresholds to Schemes, their key difference to Schemes is the ability of one class of creditors to 'cram down' another, by binding them to the Restructuring Plan notwithstanding their abstention or dissent. This ability to 'cram down' abstaining or dissenting classes of creditors is subject to specific criteria which the court must be satisfied are met. Given the fact that the Issuer is established as an insolvency-remote vehicle, with limited third-party creditors and where its Secured Creditors have entered into non-petition covenants and limited recourse provisions, it is considered unlikely to fulfil either the eligibility criteria for a Restructuring Plan or the prerequisites for the cross-class cram down to apply in practice. Nevertheless, a Restructuring Plan may, in certain circumstances, be used to effect a compromise or arrangement with respect to the Notes and the Security, including to cram down abstaining or dissenting classes of creditors (if affected creditors are separated into separate classes). This may result in material losses being incurred by Noteholders.

II. Risks relating to the Notes

Liability under the Notes

The Notes will be contractual obligations of the Issuer only. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), the Trustee, the Swap Counterparty, the Data Trustee, the Account Bank, the Interest Determination Agent, the Principal Paying Agent, the Registrar, the Calculation Agent, the Joint Bookrunners, the Arranger, the Managers, the Common Safekeeper or any of their respective Affiliates or any Affiliate of the Issuer or any other party to the Transaction Documents or any other third person or entity other than the Issuer. Furthermore, no person other than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

All payment obligations of the Issuer under the Notes constitute exclusively obligations to pay out the Available Distribution Amount or, as relevant, the Available Post-Enforcement Funds in accordance with the applicable Priority of Payments. If, following enforcement of the Security, the Available Post-Enforcement Funds prove ultimately insufficient, after payment of all claims ranking in priority to amounts due under the Notes, to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes, any shortfall arising will be extinguished and the Noteholders will neither have any further claim against the Issuer in respect of any such amounts nor have recourse to any other person for the Loss sustained. The enforcement of the Security by the Trustee is the only remedy available to the Noteholders for the purpose of recovering amounts payable in respect of the Notes. Such assets and the Available Post-Enforcement Funds will be deemed to be "ultimately insufficient" at such time as no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Noteholders, and neither assets nor proceeds will be so available thereafter.

Credit Enhancement

The risk to the Class A Noteholders that they will not receive the amount due to them under the Class A Notes as stated on the cover page of this Offering Circular is to a certain extent mitigated by (i) the Excess Spread, (ii) the subordination of the Class C Notes and the Class B Notes to the Class A Notes and (iii) the subordination of the Subordinated Loan to the Notes.

There is no assurance that the credit enhancement provided for under the Transaction will be sufficient to cover losses in respect of the Purchased Receivables and that the Class A Noteholders will receive for each Class A Note the Note Principal Amount plus interest as set forth in the Conditions.

The risk to the Class B Noteholders that they will not receive the amount due to them under the Class B Notes as stated on the cover page of this Offering Circular is to a certain extent mitigated by (i) the Excess Spread; (ii) the subordination of the Class C Notes to the Class B Notes and (iii) the subordination of the Subordinated Loan to the Notes.

There is no assurance that the credit enhancement provided for under the Transaction will be sufficient to cover losses in respect of the Purchased Receivables and that the Class B Noteholders will receive for each Class B Note the Note Principal Amount plus interest as set forth in the Conditions.

The risk to the Class C Noteholders that they will not receive the amount due to them under the Class C Notes as stated on the cover page of this Offering Circular is to a certain extent mitigated by (i) the Excess Spread and (ii) the subordination of the Subordinated Loan to the Notes.

There is no assurance that the credit enhancement provided for under the Transaction will be sufficient to cover losses in respect of the Purchased Receivables and that the Class C Noteholders will receive for each Class C Note the Note Principal Amount plus interest as set forth in the Conditions.

Early redemption of the Notes and effect on yield

The yield to maturity of any Note of each Class will depend on, *inter alia*, the amount and timing of payment of principal and interest on the Purchased Receivables, the occurrence or not of any Early Amortisation Event and the price paid by the Noteholder for such Note. The actual maturity periods of the different Classes of Notes may occur before the Legal Final Maturity Date due to early payment of Purchased Receivables by a Customer following termination of the Revolving Period. Under the CCA, which regulates the Underlying Agreements, the Customer is allowed to make early settlement of the Underlying Agreement in full or in part before its scheduled final payment date, subject to any compensation that may be payable by the Customer to the Seller in the case of early repayment. As this may occur at any time, there can be no assurance that there will be any particular pattern of payments. In addition, the Customer may voluntarily terminate the Underlying Agreement upon being invoiced for 50% of the total amount payable for the Financed Vehicle without paying further Instalments for the Financed Vehicle. Accordingly, there can be no assurance as to the rate at which Notes will be redeemed. See further the sections entitled "*VI. Legal and regulatory risks relating to the Purchased Receivables — Consumer Credit Act 1974 (as amended)*" and "*VI. Legal and regulatory risks relating to the Purchased Receivables — Regulated hire-purchase agreements*".

On any Payment Date on which the Aggregate Discounted Receivables Balance is less than 10% of the Aggregate Discounted Receivables on the Cut-Off Date immediately preceding the Issue Date, the Seller may, subject to certain conditions, repurchase all outstanding Purchased Receivables (together with any Related Collateral) at the then current value of such Purchased Receivables plus any interest accrued thereon. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.3 (Clean-Up Call)*". Any exercise of the clean-up call may adversely affect the yield on each Class of Notes.

In addition, the Issuer may, subject to certain conditions, redeem all of the Notes if under applicable law the Issuer is required to make a deduction or withholding for or on account of tax (see "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.4 (Optional Redemption for Taxation Reasons)*"). Any such redemption may adversely affect the yield on each Class of Notes.

SONIA as a reference rate for the Class A Notes

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to 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). 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 Class A Notes. Interest on Class A Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Interest Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Class A Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Class A Notes.

Moreover, any amendment or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Class A Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Class A Notes. Changes in the manner of administration of SONIA could result in amendments to the Conditions, early redemption, delisting or other consequences in relation to the Class A 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 carefully consider these matters when making their investment decision with respect to any of the Class A Notes.

Interest Rate Risk

Payments made to the Seller by any Customer under an Underlying Agreement comprise monthly amounts calculated on the basis of fixed interest rates. However, payments of interest on the Class A Notes are calculated on the basis of Compounded Daily SONIA. To ensure that the Issuer will not be exposed to interest rate risks, the Issuer and the Swap Counterparty will enter into the Swap Agreement under which the Issuer will owe payments by reference to a fixed rate and the Swap Counterparty will owe payments by reference to Compounded Daily SONIA, in each case calculated with respect to the Swap Notional Amount which is equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date. Payments under the Swap Agreement will be made on a net basis.

During periods in which floating rate interest amounts payable by the Swap Counterparty under the Swap Agreement are greater than the fixed rate interest amounts payable by the Issuer under such Swap Agreement, the Issuer will be more dependent on receiving net payments from the Swap Counterparty in order to make interest payments on the Class A Notes. Consequently, a default by the Swap Counterparty on its obligations under the Swap Agreement may lead to the Issuer not having sufficient funds to meet its obligations to pay interest on the Class A Notes.

Ratings of the Class A Notes and the Class B Notes

Each rating assigned to the Rated Notes by any Rating Agency takes into consideration the structural, legal, tax and Issuer-related aspects associated with the Rated Notes and the underlying Purchased Receivables, the credit quality of the Purchased Receivables and the Related Collateral, the extent to which the Customers' payments under the Purchased Receivables are adequate to make the payments required under the Rated Notes as well as other relevant features of the structure, including, *inter alia*, the credit situation of the Swap Counterparty, the Account Bank, the Seller and the Servicer (if different). Each Rating Agency's rating reflects only the view of that Rating Agency.

In particular, the ratings assigned by:

- (a) Fitch to the Rated Notes addresses the likelihood of full and timely payment of interest and ultimate repayment of principal on the Rated Notes; and
- (b) Moody's to the Rated Notes addresses the likelihood of full and timely payment of interest with respect to the Rated Notes and full and ultimate repayment of principal on the Rated Notes.

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies. However, rating organisations other than the Rating Agencies may seek to rate the Rated Notes and, if such "shadow ratings" or "unsolicited ratings" are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, such shadow or unsolicited ratings could have an adverse effect on the value of the Rated Notes. Future events, including events affecting the Swap Counterparty, the Account Bank, the Seller and the Servicer (if different) could also have an adverse effect on the ratings of the Rated Notes. Such risk, however, is partly mitigated, as each of the Swap Counterparty and the Account Bank is obliged to transfer its obligations to another eligible third party with the required ratings if it ceases to be an Eligible Swap Counterparty or an Eligible Counterparty (as the case may be) which would, but for the transfer, have an adverse effect on the ratings of the Rated Notes.

A rating in respect of certain securities is not a recommendation to buy, sell or hold such securities and may be subject to revision or withdrawal at any time by the relevant rating organisation. The ratings assigned to the Rated Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings of the Rated Notes 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 Rated Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason (including, without limitation, any subsequent change of the rating methodologies and/or criteria applied by the relevant Rating Agency), no person or entity is obliged to provide any additional support or credit enhancement to the Rated Notes.

If any rating assigned to the Rated Notes is downgraded or withdrawn, the market value and/or liquidity of the Rated Notes may be reduced.

On the date of this Offering Circular, each of the Rating Agencies is established in the UK and has been registered under the UK CRA Regulation and is included in the list of registered credit rating agencies published on the website of the FCA. In the event that the FCA withdraws or suspends the registration of any Rating Agency under the UK CRA Regulation, the rating assigned to the Notes by such Rating Agency would have to be withdrawn or suspended. If any rating assigned to the Notes is withdrawn or suspended, the market value and/or liquidity of the Rated Notes may be reduced.

CRA III

On 31 May 2013, the finalised text of Regulation (EU) No 462/2013 ("**CRA III**") of the European Parliament and of the European Council amending Regulation (EC) No 1060/2009, as it now forms part of domestic law of the United Kingdom by virtue of EUWA ("**UK CRA**") on credit rating agencies was published in the Official Journal of the European Union. Most provisions of the CRAIII became effective on 20 June 2013 (the "**CRA III Effective Date**") although certain provisions will not apply until later. CRA III and UK CRA introduced a requirement that where an issuer or related third parties (which term includes sponsors and originators) intends to solicit a credit rating of a structured finance instrument it will appoint at least two credit rating agencies to provide ratings independently of each other and should consider appointing at least one rating agency having not more than a 10% total market share (as measured in accordance with Article 8d(3) of the CRA (as amended by CRA III and UK CRA)) (a small CRA), **provided that** a small CRA is capable of rating the relevant issuance or entity. Where the issuer or a related third party does not appoint at least one credit rating agency with no more than 10% market share, this must be documented. In order to give effect to those provisions of Article 8d of CRA III, the FCA is required to annually publish a list of registered CRAs, their total market share, and the types of credit rating they issue. The Seller considered the appointment of several CRAs including a CRA having a less than 10% total market share and concluded that the most appropriate CRAs to rate the Class A Notes are Fitch and Moody's. As there is no guidance on the requirements for any such documentation there remains some uncertainty whether the Issuer's documentation efforts will be considered sufficient for these purposes and what the consequences of any non-compliance may be for the Issuer, and hence, the investors in the Notes.

UK and European Market Infrastructure Regulation

The EU regulatory framework and legal regime relating to derivatives is primarily set out in Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019 ("**EU EMIR**"). A similar regime applies in the UK under EU EMIR as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 ("**UK EMIR**").

The Issuer will be subject to certain regulatory requirements in relation to the interest rate swap transaction entered into between the Issuer and the Swap Counterparty as a consequence of the implementation of UK EMIR, which provides for certain OTC derivative contracts to be submitted to central clearing and imposes, amongst other things, margin posting and other risk mitigation techniques, reporting and record keeping requirements and requires certain standardised derivatives to trade on an exchange or other electronic trading platform.

Investors should be aware of the following:

- (a) regardless of the Issuer's classification under UK EMIR, the Issuer may need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by UK EMIR, in particular, in relation to reporting and record-keeping; and

- (b) the characterisation of the Issuer under UK EMIR as currently in force will determine whether, among other things, it is required to comply with the clearing, margin and trading requirements in relation to the interest rate swap transaction. If it were required to clear, post margin or trade on an exchange or other electronic platform, it is unlikely that the Issuer would be able to comply with such an obligation.

If the Issuer enters into a replacement interest rate swap transaction with an EU established swap counterparty after the Issue Date, the Issuer will require such swap counterparty to co-operate with the Issuer to ensure the applicable rules under UK EMIR are complied with and such Swap Counterparty will require the Issuer to co-operate with such swap counterparty to ensure the applicable rules under EU EMIR are complied with.

The Issuer considers itself to be (i) a "non-financial counterparty" below the clearing threshold for the purposes of UK EMIR and (ii) a "third-country entity" for the purposes of EU EMIR (that would be a "non-financial counterparty" below the clearing threshold under EU EMIR if it were established in the EU). Neither of (i) or (ii) are subject to the clearing or the margin-posting requirements or the requirement to trade on an exchange or other electronic platform under UK EMIR or EU EMIR. However, there is no certainty that the Issuer's status as a non-financial counterparty below the clearing threshold will not change in the future which could then result in margin posting requirements or a mandatory clearing obligation (or other requirements under UK EMIR and/or EU EMIR) applying to the Issuer. This could ultimately lead to an Issuer Event of Default in respect of the Notes which may cause the Noteholders to incur a loss on their Notes and/or an early redemption of their Notes.

Limitation of secondary market liquidity and market value of Notes

Although application has been made to admit the Rated Notes to trading on the regulated market of the Luxembourg Stock Exchange and to list the Rated Notes on the Official List of the Luxembourg Stock Exchange, the liquidity of a secondary market for the Rated Notes is limited. There can be no assurance that there will be bids and offers and that a liquid secondary market for the Rated Notes will develop or that a market will develop for all Classes of Rated Notes or, if it develops, that it provides sufficient liquidity to absorb any bids, or that it will continue for the whole life of the Rated Notes.

Limited liquidity in the secondary market for asset-backed securities has had a serious adverse effect on the market value of asset-backed securities. Limited liquidity in the secondary market may continue to have a serious 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.

In addition, prospective investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof). Recent global social, political and economic events and trends, including current geopolitical risks around the conflict in Ukraine, which continue to impact the UK economy, in particular by pushing up energy and oil prices and increasing inflation, have resulted in increased uncertainty in the currency and credit markets. The market values of the Rated Notes may fluctuate with changes in market conditions. Any such fluctuation may be significant and could result in significant losses to investors in the Rated Notes. Consequently, any sale of Rated Notes by Noteholders in any secondary market transaction may be at a discount to the original purchase price of such Rated Notes. Accordingly, investors should be prepared to remain invested in the Rated Notes until the Legal Final Maturity Date.

Bank of England eligibility

Certain investors in the Rated Notes may wish to consider the use of the Rated Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility ("DWF") or Funding for Lending Scheme ("FLS"), Term Funding Scheme ("TFS"), Discount Window Facility ("DWF") or Indexed Long-Term Repo Scheme ("ILTS"). Recognition of the Rated Notes as eligible securities for such purposes will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Rated Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Rated Notes will not be eligible DWF or FLS or TFS collateral. None of the Issuer, the Managers, the Arranger, the Trustee or the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Rated Notes that the Rated Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements of such schemes and be recognised as eligible collateral for such schemes. Any potential investor in the Rated Notes should make its own determinations and seek its own advice with respect to whether or not the Rated Notes constitute eligible collateral for such schemes.

Eurosystem eligibility

The Rated Notes are intended to be held in a manner which will allow Eurosystem eligibility. On the Issue Date, the Rated Notes will be issued under NSS. This means that the Rated Notes are intended upon issue to be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**") and does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (the "**Eurosystem Eligible Collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria set out by the European Central Bank (the "**ECB**") being met.

None of the Seller, the Issuer, the Arranger, the Managers or the Trustee gives any representation, warranty, confirmation or guarantee to any investor in the Rated Notes that the Rated Notes will, either upon issue, or any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility (in particular as a result of a failure to agree on the access of UK issuers to the Eurosystem during the course of the Implementation Period) and be recognised as Eurosystem Eligible Collateral. Any prospective investor in the Rated Notes should consult its professional advisors with respect to whether or not the Rated Notes constitute Eurosystem Eligible Collateral at any point of time during the life of the Rated Notes.

III. Risks relating to the Purchased Receivables

Historical data, forecasts and estimates

The historical information set out in this Offering Circular including in particular in "*PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*" is based on the past experience and present procedures of the Seller. None of the Issuer, the Account Bank, the Subordinated Lender, the Corporate Services Provider, the Swap Counterparty, the Arranger, the Managers, the Trustee, the Data Trustee, the Interest Determination Agent, the Principal Paying Agent, the Registrar and the Calculation Agent has undertaken or will undertake any investigation or review of, or search to verify, such historical information. There can be no assurance as to the future performance of the Purchased Receivables.

Estimates of the weighted average lives of the Class A Notes and the Class B Notes, respectively, 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 underlying assumptions may differ or may prove substantially different from the actually realised figures. Consequently, the actual lives of the Class A Notes and the Class B Notes might differ from the projections and such differences may be significant.

Payment risk of the Customers

If the Issuer does not receive the full amounts due from the Customers in respect of the Purchased Receivables, the Noteholders are at risk to receive less than the full principal amount of their Notes and interest payable thereon. Neither the Seller nor the Issuer guarantees or warrants the full and timely payment by the Customers of any sums payable under the Purchased Receivables. Customers may not pay if they are unable to pay for credit reasons or, in limited situations, if they are in dispute with BMW FS.

With regard to credit risk on the Customers, the ability of any Customer to make timely payments of amounts due under the relevant Underlying Agreement will mainly depend on his or her assets and liabilities as well as his or her ability to obtain sufficient income to make the required payments. The Customers' ability to obtain income may be adversely affected by a large number of factors, including general economic conditions, unemployment levels and the circumstances of individual Customers (such as may result from epidemic infectious diseases like the coronavirus disease 2019 ("**COVID-19**")). Government responses to any such circumstances may also affect the timing of payments (for example through the use of directions to allow payment holidays). In addition, particular geographical regions and car markets in the United Kingdom may from time to time experience weaker regional economic conditions than other regions in the United Kingdom, and consequently could experience higher rates of loss and default on auto finance contracts generally. While the Eligibility Criteria have been set as at the date of this Offering Circular to operate so as to mitigate this geographic risk, no assurances can be given that circumstances in the future will not change such that the credit risk arising from the composition of the Portfolio at any time in the future may deteriorate in view of the circumstances then subsisting in particular regions of the United Kingdom.

Non-payments where there are disputes may arise from Customers withholding contractual payments prior to or following any final resolution of the dispute between the Customer and BMW FS. This includes the risk of set-off if BMW (UK) Limited fails to perform its obligations under the Service Pack Agreement. In order to reach a final resolution there may be bilateral discussions between the Customer and BMW FS or the involvement of external processes such as court proceedings, each of which may take time and potentially impact the period for which the Customer withholds contractual payments in full, regardless of the merit of the claim or the ultimate position reached. As an example, some of the claimants involved or who may subsequently become involved in the diesel emissions-related court claims against BMW FS and other companies of BMW Group in England (where a group litigation order was applied for in October 2022) may have entered or may subsequently enter into their financial agreements with BMW FS in respect of Financed Vehicles included in the Transaction and consequently may not make contractual payments prior to or as a result of any final resolution.

In addition, the Servicer (acting on behalf of the Issuer) may be unable to bring proceedings against a Customer which is a corporate entity or to enforce Underlying Agreements and other Related Collateral securing an Underlying Agreement if such Customer is subject to a moratorium (whether the Standalone Moratorium or otherwise) or if the arrangements are subject to the Ipso Facto Termination Provisions. The inability of the Servicer (acting on behalf of the Issuer) to obtain timely and complete payment of debts from Customers may in turn have a material adverse effect on the ability of the Issuer to make timely and complete payments under the Notes.

Any of the above matters could in turn have an adverse effect on the Issuer receiving the full amounts due from the Customers in respect of the Purchased Receivables on a timely basis or at all which may adversely affect the ability of the Issuer to meet its obligations under the Notes as they fall due.

It should also be noted that the rate of recovery upon a Customer default may itself be influenced by various economic, tax, legal and other factors such as changes in the level of interest rates from time to time as well as the extent of depreciation in the value of the Financed Vehicle. See also "*VI. Legal and regulatory risks relating to the Purchased Receivables — Consumer Credit Act 1974 (as amended)*". There is no assurance that the then current value of the Purchased Receivables will at any time be equal to or greater than the principal amounts outstanding of the Notes, and, if they are not of the requisite value, this may adversely affect the ability of the Issuer to meet its obligations under the Notes as they fall due.

Depreciation in the value of the Financed Vehicles

No assurances can be given that the respective values of the Financed Vehicles to which the Portfolio relates have not depreciated or will not depreciate at a rate greater than the rate which they were expected to do so on the date of origination of the Receivables. If this has happened or happens in the future, or if the used car market in the United Kingdom should experience a downturn (whether in respect of particular vehicle brands or vehicles more generally (for example, due to an increasingly negative sentiment around diesel vehicles and a movement away from use of diesel engines or the increasing use of hybrid and/or wholly electric vehicles)), or if there is a general deterioration of the economic conditions in the United Kingdom or any parts thereof (including in circumstances referred to in "*Payment risk of the Customers*"), then any such scenario could have an adverse effect on the ability of Customers to repay amounts under the relevant Underlying Agreement and/or the likely amount to be recovered upon a forced sale of the Financed Vehicles upon default by Customers, the exercise of a voluntary termination by the Customer under an Underlying Agreement or the exercise by the Customer of its option to return the Financed Vehicle pursuant to an Underlying Agreement in lieu of making a final balloon payment. This in turn could have an adverse effect on the Issuer's ability to make payments under the Notes.

PCP Agreements and Repayment of the Notes

The Underlying Agreements are PCP Agreements and accordingly the Customer has the option to either (a) make a final balloon payment to acquire the legal title of the Financed Vehicle or (b) exercise its contractual right to return the Financed Vehicle financed under such Underlying Agreement in lieu of making such final balloon payment (subject always to any charges if the Financed Vehicle is not in good repair and condition (allowing for fair wear and tear) or in respect of excess mileage or if personal items are left in the Financed Vehicle). Following the exercise of a Customer's right to return the Financed Vehicle and recovery of the Financed Vehicle by BMW FS, the Seller is under an obligation pursuant to the Receivables Purchase Agreement to sell the Financed Vehicle and to remit the proceeds of such sale to the Issuer.

A decision of the Customer whether to make a final balloon payment or return the Financed Vehicle in lieu of such balloon payment may be dependent in part on the size of the final balloon payment and the price that the Financed Vehicle is likely to obtain when sold. If the final balloon payment is greater than the market value of the Financed Vehicle, the Customer may be more likely to return the Financed Vehicle as it discharges any further obligations the Customer may have under the Underlying Agreement (subject always to the potential charges described above). Pursuant to the Receivables Purchase Agreement, on and following the occurrence of a PCP/VT Indemnification Trigger, the Seller shall, on the Cut-Off Date immediately following the date on which the Servicer has determined in accordance with the Credit and Collection Policy that any Purchased Receivable has become a PCP Handback Receivable, indemnify the Issuer for any amount by which the aggregate Recoveries received by the Servicer in respect of all Indemnified Receivables in such PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables by paying the Issuer an amount equal to the PCP/VT Indemnification Amount (see the section "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement — Seller indemnification obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables*").

There can be no assurance, however, that the Seller will honour or have the financial resources to honour its obligations to indemnify the Issuer in these circumstances or that the Servicer, on behalf of the Issuer, will otherwise be able to sell the related Financed Vehicle such that the proceeds remitted to the Issuer from the sale of Financed Vehicle returned by a Customer in lieu of a final balloon payment (following its recovery by BMW FS) will be sufficient to cover the Discounted Receivables Balance of such PCP Handback Receivables at such time. This may result in the Issuer receiving less in respect of the related Purchased Receivable than it would have expected, which could impact on the ability of the Issuer to make payments on the Notes. For further information on the calculation of residual value exposure and the risks associated with this calculation, please see the section entitled "*CREDIT STRUCTURE AND FLOW OF FUNDS – Collection arrangements*" below.

These factors could have an adverse effect on the Issuer's ability to make payments on the Notes and on the yield to maturity of the Notes.

Reliance on Eligibility Criteria

If the Seller has committed a breach of Receivables Warranty (including in relation to any Eligibility Criterion on the Cut-Off Date immediately preceding the Issue Date) that materially and adversely affects the interests of the Issuer, this will constitute a breach of contract under the Receivables Purchase Agreement, and the Issuer will have contractual remedies against the Seller. In such case, the Seller will be required to repurchase the Purchased Receivables in an amount equal to the Discounted Receivables Balance of the relevant Purchased Receivable (see the definition of Non-Compliant Receivables Repurchase Price in "*MASTER DEFINITIONS SCHEDULE — Non-Compliant Receivables Repurchase Price*") or, in the case of the representation and warranty being determined to be incorrect by reason of an Underlying Agreement being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA, pay the relevant CCA Compensation Amount to the Issuer (see the definition of CCA Compensation Amount in "*MASTER DEFINITIONS SCHEDULE — CCA Compensation Amount*"). If (i) a final non-appealable judgment has been made in favour of a Customer who is a party to a group litigation against the Seller, by virtue of which such Customer has withheld payment of amounts due under their Underlying Agreement (or such amounts have otherwise been reduced), or (ii) in any relevant Set-Off Notice, the Seller specifies that it accepts the amount which the Customer withholds, a Non-Permitted Variation shall be deemed to have occurred under the Receivables Purchase Agreement and the Seller will be deemed to be in breach of the Receivables Warranties. In such case, the Seller will be required to repurchase the Purchased Receivables in an amount equal to the Non-Compliant Receivables Repurchase Price of such Purchased Receivable. Accordingly, to this extent the Noteholders will be subject to the credit risk of the Seller and may be adversely affected if such risk materialises.

Reliance on Credit and Collection Policy

The Servicer will carry out the administration, collection and enforcement of the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement and the Credit and Collection Policy. Accordingly, the Noteholders are relying on the business judgment and practices of the Servicer as to the enforcement of claims in respect of the Purchased Receivables against the Customers and with respect to enforcement of the related Collateral. See "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*" and "*CREDIT AND COLLECTION POLICY*".

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 re-financing credits, as to which please see the information set out earlier in this section of this Offering Circular headed "*Reliance on Credit and Collection Policy*" and "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS - Servicing Agreement*";
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Purchased Receivables will be serviced in line with the usual servicing procedures of the Seller – please see further the section of this Offering Circular headed "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS - Servicing Agreement*";
- (c) adequate diversification of credit portfolios given the Seller's target market and overall credit strategy, as to which, in relation to the Purchased Receivables, please see the section of this Offering Circular headed "*PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*"; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which please see further the section of this Offering Circular headed "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS - Servicing Agreement*" and the section of this Offering Circular headed "*CREDIT AND COLLECTION POLICY*".

Noteholders may not be in a position to control whether the Seller complies with such internal policies and procedures and may suffer losses in case the Seller is acting in breach thereof.

No independent investigation and limited information, reliance on representations and warranties

None of the Managers, the Arranger, the Trustee, the Issuer or any other Person referred to herein (other than the Seller, but only as explicitly described herein) has undertaken or will undertake any investigations, searches or other actions to verify any details in respect of the Purchased Receivables or the Underlying Agreements or to establish the creditworthiness of any Customer or any party to the Transaction Documents. Each of the aforementioned Persons will rely solely on the accuracy of the representations and warranties and the financial information given by the Seller to the Issuer in the Receivables Purchase Agreement in respect of, *inter alia*, the Purchased Receivables, the Customers, the Underlying Agreements underlying the Purchased Receivables and the Related Collateral. The Benefit of the representations and warranties given to the Issuer will be transferred by the Issuer to the Trustee for the benefit of the Secured Parties under the Trust Deed.

The Seller is under no obligation and will not provide the Managers, the Arranger, the Trustee or the Issuer with the names or the identities of or any other information specific to the individual Customers and copies of certain Underlying Agreements and legal documents underlying and in respect of the relevant Purchased Receivable and the Related Collateral. The Managers and the Issuer will only be supplied with general information in relation to the aggregate of the Customers, the Purchased Receivables and the underlying Agreements and the legal documents underlying the Related Collateral. Furthermore, none of the Managers, the Arranger, the Trustee or the Issuer will have any right to inspect the Records of the Seller. However, pursuant to the terms of the Data Trust Agreement, the Issuer, the Servicer and the Trustee may in certain circumstances set out in the Data Trust Agreement, demand that the Data Trustee provide the Portfolio Decryption Key to decrypt any encrypted Portfolio Information containing personal data with respect to individual Customers to the Trustee or the successor Servicer or any agent thereof.

The primary remedy of the Trustee and the Issuer for breaches of any representation or warranty with respect to the enforceability of the Purchased Receivables, the existence of the Related Collateral, the absence of material litigation with respect to the Seller, the transfer of free title to the Issuer and the compliance of the Purchased Receivables with the Eligibility Criteria will be to require the Seller to repurchase the Purchased Receivables in an amount equal to the then Discounted Receivables Balance of such Purchased Receivable (including, for the avoidance of doubt, in case only a portion of such Purchased Receivable is affected). There can be no assurance that the Seller will honour or have the financial resources to honour such obligations under the Receivables Purchase Agreement. If the Seller does not honour such obligations for any reason, this may result in the Issuer receiving less in respect of the related Purchased

Receivable than it would have expected, which could impact on the ability of the Issuer to make payments on the Notes.

Changing Characteristics of the Purchased Receivables during the Revolving Period

During the Revolving Period, the amounts that would otherwise be used to repay the principal under the Notes may be used to purchase additional Receivables from the Seller. The Purchased Receivables comprised in the Initial Portfolio and Additional Portfolios may also be prepaid or default during the Revolving Period, and therefore the characteristics of the portfolio may change after the Issue Date, and could be substantially different at the end of the Revolving Period from the characteristics of the Initial Portfolio. These differences could result in faster or slower repayments or greater losses on the Notes. Because of payments on the Purchased Receivables and the purchase of additional Receivables during the Revolving Period, the concentrations of Customers in the Portfolio from time to time may be substantially different from the concentration that exists on the Issue Date. Such changes in concentration or other changes in the pool could adversely affect the delinquency, or credit loss, of the Purchased Receivables which may, in turn, impact the ability of the Issuer to make payments on the Notes.

Availability of additional Receivables

During the Revolving Period, no principal will be paid to the Noteholders. Instead, on each Payment Date during the Revolving Period, amounts allocable to the Replenishment Account may be used to purchase additional Receivables. However, if on two consecutive Cut-Off Dates, the amount standing to the credit of the Replenishment Account exceeds 10% of the Aggregate Discounted Receivables Balance on the Cut-Off Date immediately preceding the Issue Date, this shall constitute an Early Amortisation Event. Under the terms of the Receivables Purchase Agreement, the Seller may no longer sell Receivables to the Issuer if an Early Amortisation Event has occurred. A continuing inability of the Seller to sell Receivables to the Issuer will result in a build-up of the balance on the Replenishment Account and so may give rise to the occurrence of an Early Amortisation Event. If an Early Amortisation Event occurs, the Revolving Period will terminate resulting in principal being repaid on the Class A Notes to the extent that cash is available for that purpose in accordance with the applicable Priority of Payments. The Seller does not, on the date of this Offering Circular, expect any shortage in availability of Receivables that can be sold to the Issuer during the Revolving Period. However, the Seller is not obliged to sell any additional Receivables to the Issuer during the Revolving Period. If the Seller is unable to originate additional Receivables or if it does not sell any additional Receivables to the Issuer, then the Revolving Period may terminate earlier than expected and, in such circumstances, the Class A Noteholders will receive payments of principal on the Class A Notes earlier than expected.

IV. Risks relating to the Transaction Parties

Risk of late transfer of payments received by the Servicer, commingling risk and risk of Servicer Shortfalls

During the life of the Transaction and prior to the occurrence of a Servicer Termination Event and the revocation of the collection mandate of the Servicer, the Seller in its capacity as Servicer is entitled to commingle any Collections from the Purchased Receivables, including proceeds from the realisation of Underlying Agreements, with its own funds during each Monthly Period and will only be required to transfer the Collections to the Operating Account on each Payment Date. Commingled funds may be used or invested by the Seller at its own risk and discretion and for its own benefit until the relevant Payment Date.

Upon the occurrence of an Insolvency Event with respect to the Seller or the Servicer, and in particular on the occurrence of a Servicer Termination Event, commingling risks (and in particular the risk of a Servicer Shortfall) may materialise. To mitigate the outlined potential commingling risks (including the risk of any Servicer Shortfall occurring), the Servicer has undertaken to indemnify the Issuer against any liabilities, costs, claims and expenses resulting from its failure to pay the Issuer any Collections in accordance with the Servicing Agreement. Upon the occurrence of a Commingling Reserve Trigger Event and for so long as such event continues, the Servicer shall, within sixty (60) calendar days of such occurrence (the "**Performance Period**"), notify the Issuer in writing that it will elect either (i) with effect from the date of such notification, to transfer any Collections to the Operating Account no later than two (2) Business Days after the date of receipt of such Collections; or (ii) to advance to the Issuer (no later than the last day of such Performance Period) such amount or amounts as (taking into account any previous advance which has been made for such purpose, except to the extent that such amount has been repaid or withdrawn in accordance with the terms of the Servicing Agreement) to ensure that the amount standing to the credit of the Commingling Reserve Account is equal to the Commingling Reserve Required Amount from time to

time. For so long as such Commingling Reserve Trigger Event is continuing, the Servicer shall have the right to switch between the above options by written notice to the Issuer.

No assurance can be given that the Commingling Reserve Required Amount will be sufficient to cover commingling risks including the risk of a Servicer Shortfall. This may lead to losses at the level of the Issuer, which could have an impact on the ability of the Issuer to make payments on the Notes ultimately leading to a risk of the Noteholders incurring a loss.

Replacement of the Servicer

If the appointment of the Servicer is terminated, the Issuer has the right to appoint a successor Servicer pursuant to the Servicing Agreement. Any substitute Servicer which may replace the Servicer in accordance with the terms of the Servicing Agreement would have to be able to administer the Purchased Receivables and the Related Collateral in accordance with the terms of the Servicing Agreement, be duly qualified and licensed to administer finance contracts in England and Wales such as the Underlying Agreements and may be subject to certain residence and/or regulatory requirements. Further, while the Seller acting as Servicer is not entitled to a Servicing Fee, it should be noted that any substitute Servicer (other than a (direct or indirect) subsidiary of the Seller or of a parent of the Seller to which the servicing and collection of the receivables and the related collateral of the Seller is outsourced) will be entitled to a Servicing Fee which ranks senior to the Notes according to the applicable Priority of Payments. Even though Wilmington Trust SP Services (London) Limited has agreed that it will facilitate the appointment of a suitable entity with all necessary facilities available to act as successor servicer and will use reasonable efforts to ensure that such entity enters into a successor servicing agreement, the terms of which are similar to the terms of the Servicing Agreement, with the parties to the Servicing Agreement upon receipt of notice by the Servicer of the occurrence of a Servicer Termination Event, there is no assurance that an appropriate successor Servicer can be found and hired in the required time span as set forth in the Servicing Agreement and that any delay in finding and hiring a successor Servicer would not have a negative impact on the amount and the timing of the Collections.

Replacement of the Account Bank

If the appointment of the Account Bank is terminated due to a rating downgrade of the Account Bank, the Account Bank will procure the appointment of a replacement Account Bank in accordance with the Bank Account Agreement. Such replacement costs will be borne by the Account Bank, however, subject to a cap as agreed between the Account Bank and the Issuer. There is no assurance that such replacement costs will not exceed such cap.

Moreover, no assurance can be given that a successor Account Bank will be appointed in time and/or on terms similar to the provisions agreed on in the Bank Account Agreement.

Reliance on third parties

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Purchased Receivables and the Notes. Accordingly, the ability of the Issuer to meet its obligations under the Notes depends, in whole or in part, on the performance of each Transaction Party of its duties under the Transaction Documents. and without limiting the generality of the foregoing, the timely payment of amounts due in respect of the Notes depends on the ability of the Servicer to service the Purchased Receivables and on the maintenance of the level of interest rate protection offered by the Swap Agreement.

No assurance can be given that the creditworthiness of the Transaction Parties, in particular the Servicer, the Seller, the Swap Counterparty and the Account Bank, will not deteriorate in the future. This may affect the performance of their respective obligations under the respective Transaction Documents. Investors should also be aware that third parties on which the Issuer relies may be adversely impacted by the general economic climate (including any failure arising from circumstances beyond their control such as epidemics (for example, the COVID-19 which has led to many organisations either closing or implementing policies requiring their employees to work at home, which could result in delays or difficulties in performing otherwise routine functions)). In particular, it may affect the administration, collection and enforcement of the Purchased Receivables by the Servicer in accordance with the Servicing Agreement. It may also result in the Seller not having the financial resources to honour its indemnity or repurchase obligations under the Receivables Purchase Agreement. As the Account Bank uses the assistance of a Swift correspondent agent in the settlement process the Noteholders are also exposed to the capability of such Swift correspondent agent to perform such tasks in the future.

However, the credit risk associated with the Transaction Parties is mitigated by certain credit sensitive triggers. For example, it will constitute a Servicer Termination Event if, *inter alia*, with respect to the Servicer or the Seller, an Insolvency Event occurs or the Servicer fails to perform a material obligation which is not remedied within sixty (60) calendar days of written notice from the Issuer or the Trustee. In addition, the Swap Counterparty has to be an Eligible Swap Counterparty and the Account Bank has to be an Eligible Counterparty.

V. Risks relating to the structure

Meetings of Noteholders, Modification and Waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit decisions of 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 requisite majority for such vote).

The Conditions also provide for the Trustee, without any consent or sanction of the Noteholders or the other Secured Parties, subject to receipt of the written consent from any of the Secured Parties party to the Transaction Documents being modified, to concur with the Issuer in making (a) any modification (other than a Basic Terms Modification) of, or the waiver or authorisation of, any actual breach (including an Issuer Event of Default or Potential Issuer Event of Default) or proposed breach of, the Conditions, or any of the Transaction Documents which is not, in the opinion of the Trustee, materially prejudicial to the interests of any of the Noteholders or (b) any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error.

The Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes which are affected by such Basic Terms Modifications.

Further, the Trustee may in certain circumstances agree to amendments to the Conditions and/or the Transaction Documents for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with/enable:

- (i) any change in the criteria of one or more Rating Agencies;
- (ii) any obligation which applies to the Issuer and/or the Swap Counterparty under EU EMIR or UK EMIR;
- (iii) the Notes to be (or to remain) listed on the Luxemburg Stock Exchange;
- (iv) the Issuer or any other transaction party to comply with FATCA (or any voluntary agreement entered into with a tax authority in relation thereto);
- (v) the appointment of a replacement Collection Account Bank;
- (vi) any changes which are required to comply with the UK Securitisation Regulation (including any obligation which applies to the Issuer under the UK Securitisation Regulation after the Issue Date, including as a result of the adoption of regulatory standards or the implementation of technical standards in relation to the UK Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto);
- (vii) any changes which are required to comply with the EU Securitisation Regulation (including as a result of the adoption of regulatory standards or the implementation of technical standards in relation to the EU Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto);
- (viii) the Rated Notes to maintain Eurosystem eligibility;
- (ix) the Issuer (or the Servicer on its behalf) to open any custody account or swap collateral account for the receipt of any collateral posted by the Swap Counterparty under the Swap Agreement in the form of either securities or cash in a currency other than Sterling; or

(x) a Base Rate Modification (as defined below),

(each, a "**Proposed Amendment**"), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

In relation to any such Proposed Amendment (other than (ii), (vi) and (viii) above), the Issuer is required to give at least thirty (30) calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and procure its publication on Bloomberg on the "Company News" screen relating to the Issuer. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders representing at least 10% of the aggregate Class Outstanding Note Balance of any Class of Notes have 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% of the aggregate Class Outstanding Note Balance of any Class of Notes 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 is passed in favour of such modification in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

The Trustee shall not be obliged to agree to any modification (as described above) which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or the Conditions.

If pursuant to and in accordance with the detailed provisions of Condition 13.3(c), a Basic Terms Modification has been sanctioned by an Extraordinary Resolution of the holders of each affected Class or Classes of Notes then outstanding, the Trustee shall be obliged to effect such Basic Terms Modification for the purpose of: (a) modifying the date of maturity of Notes; (b) modifying the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes (other than any Base Rate Modification (as defined in Condition 13.6(i))); (c) modifying the amount of principal or the Interest Rate payable in respect of the Notes, or, where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (including, in relation to any Class of Notes, if any such modification is proposed for any Class of Notes ranking senior to such Class of Notes in the Priority of Payments) (other than any Base Rate Modification (as defined in Condition 13.6(i))); (d) altering the currency in which payments under the Notes is to be made; (e) altering the quorum or majority required in relation to the Basic Terms Modification; (f) effecting any scheme or proposal for the sale, conversion or cancellation of the Notes; (g) changing the provisions of a Basic Terms Modification; or (h) changing the definition of a Basic Terms Modification.

The Trustee shall not be obliged to agree to any Basic Terms Modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or the Conditions.

There is no guarantee that any changes made to the Transaction Documents (including any Basic Terms Modification) or to the Conditions pursuant to the obligations imposed on the Trustee, as described above, would not be prejudicial to the Noteholders.

Conflict between Noteholders

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of all Classes of Noteholders as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes, on the one hand, and the interests of the holders of one or more Classes of Notes, on the other hand, then the Trustee is required to have regard only to the interests of the holders of the Most Senior Class of Notes.

As a result, holders of Notes other than the Most Senior Class of Notes may not have their interests taken into account by the Trustee when the Trustee exercises discretion.

In addition, prospective investors should note that the Trust Deed provides that no Extraordinary Resolution of the holders of a Class of Notes, other than the holders of the Most Senior Class of Notes, shall take effect for any purpose while the Most Senior Class of Notes remains outstanding, unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of Most Senior Class of Notes (or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes).

Further, the Trust Deed further provides that no Extraordinary Resolution of the holders of a Class or Classes of Notes which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding which are affected by such Basic Terms Modification.

Conflicts of interest

In connection with the Transaction, the Seller will also act as the Servicer and as the Subordinated Lender, and the Account Bank will also act as the Interest Determination Agent, the Calculation Agent and the Principal Paying Agent. These Transaction Parties will have only those duties and responsibilities agreed to in the relevant Transaction Documents, and will not, by virtue of their or any of their Affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than those provided in the Transaction Documents to which they are a party. To the best knowledge and belief of the Issuer, these are the sole relevant conflicts of interest of the Transaction Parties. However, all Transaction Parties may enter into other business dealings with each other from which they may derive revenues and profits without any duty to account therefor in connection with this Transaction.

The Servicer may hold or service claims (for third parties) against the Customers other than the Purchased Receivables. The Corporate Services Provider may provide corporate, administrative or other services to other entities.

In addition to the interests described in this Offering Circular, the Managers and their respective related entities, associates, officers or employees (each a "**Managers Related Person**"):

- (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note, or any other Transaction Party;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Notes;
- (c) may purchase all or some of the Notes and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) each Managers Related Person in the course of its business (including in respect of interests described above) may act independently of any other Managers Related Person or Transaction Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Managers Related Person in respect of the Notes are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Managers Related Person shall have any obligation to account to the Issuer, any Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Transaction Party;

- (iii) a Managers Related Person may have or come into possession of information not contained in this Offering Circular that may be relevant to any Noteholder or to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (iv) to the maximum extent permitted by applicable law no Managers Related Person is under any obligation to disclose any Relevant Information to any other Managers Related Person, to any Transaction Party or to any potential investor and this Offering Circular and any subsequent conduct by an Managers Related Person should not be construed as implying that such Managers Related Person is not in possession of such Relevant Information; and
- (v) each Managers Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, a Managers Related Person's dealings with respect to a Note, the Issuer or a Transaction Party, may affect the value of a Note.

The wider interests or obligations of the afore-mentioned Transaction Parties may therefore conflict with the interests of the Noteholders.

The afore-mentioned Transaction Parties may engage in commercial relations, in particular, hold assets in other securitisation transactions as trustee, be a lender, provide general banking, investment and other financial services to the Customers, the Seller, the Servicer, the Issuer, other parties to this Transaction and other third parties.

In such functions, the afore-mentioned Transaction Parties are not obliged to take into account the interests of the Noteholders. Accordingly, potential conflicts of interest may arise in respect of this Transaction.

Equitable assignment

The assignment by the Seller of the English 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 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 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 BMW FS 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 as referred to in "*VI. Legal and regulatory risks relating to the Purchased Receivables — Consumer Credit Act 1974 (as amended)*", "*VI. Legal and regulatory risks relating to the Purchased Receivables — Regulated hire-purchase agreements*", and "*VI. Legal and regulatory risks relating to the Purchased Receivables — Unfair Terms in Consumer Contracts Regulations 1999 and the Consumer rights Act 2015*" below) may accrue in favour of the Customer in respect of his/her obligation to make payments under the relevant Underlying Agreement. These may, therefore, result in the Issuer receiving less moneys 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 he receives actual notice of the assignment. However, where the set-off by a Customer is connected with the Underlying Agreement (as would be the case for claims in respect of vehicle defects) the Customer may exercise a set-off (or exercise analogous rights in Scotland), irrespective of any notice given to him/her of the assignment to the Issuer.

- (d) Notice to the Customer would prevent the Seller and the Customer amending the Underlying Agreement without the involvement of the Issuer. However, the Seller will undertake for the benefit of the Issuer that it will not make any changes or variations to the Underlying Agreements comprised in the Portfolio unless such changes are made in accordance with the terms of the relevant Underlying Agreement and the Credit and Collection Policy and are not a Non-Permitted Variation.

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 Trustee in relation to, any action in respect of the Purchased Receivables.

Accordingly, the giving of such a notice on the occurrence of a Perfection Event mitigates the risk deriving from the equitable assignment but there can be no certainty as to the timing and effectiveness of such notice following a Perfection Event.

Scottish Receivables

Legal title to the Scottish Receivables will remain with the Seller because no formal assignation thereof duly intimated to the relevant Customers will be made unless a Perfection Event shall have occurred. The legal position of the Issuer and the Seller in respect of the Scottish Receivables is substantially in accordance with that set out above in relation to the holding of an equitable or beneficial interest in the English Receivables.

The fixed charges granted by the Issuer in favour of the Trustee over the Issuer's interest in the Purchased Receivables includes, among other things, an assignation in security of the Issuer's interest in the Scottish Receivables (comprising the Issuer's beneficial interest under the trust declared by the Seller pursuant to any Scottish Declaration of Trust).

Interest rate hedging

If the Swap Counterparty defaults in respect of its obligations under the Swap Agreement and that results in a termination of the Swap Agreement, the Issuer will be obligated to enter into a replacement arrangement with another Eligible Swap Counterparty. Any failure to enter into such a replacement arrangement may result in the Issuer becoming exposed to substantial interest rate risk and a downgrading of the rating of the Class A Notes. See "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement*".

During periods in which floating rate interest amounts payable by the Swap Counterparty under the Swap Agreement are less than the fixed rate interest amounts payable by the Issuer under such Swap Agreement, the Issuer will be obligated under such Swap Agreement to make a net payment to such Swap Counterparty. The Swap Counterparty's claims for payment (including certain termination payments required to be made by the Issuer upon a termination of a Swap Agreement) under the Swap Agreement will rank higher in priority than all payments on the Notes. If a payment under a Swap Agreement is due to a Swap Counterparty on any Payment Date, the Available Distribution Amount may be insufficient to make the required payments to the Swap Counterparty and to the holders of the Class A Notes so that the holders of the Class A Notes may experience delays and/or reductions in the interest and principal payments on the Class A Notes.

The Swap Counterparty may terminate the Swap Agreement, among other things, if the Issuer becomes insolvent, if the Issuer fails to make a payment under the Swap Agreement when due and such failure is not remedied within three (3) local business days after notice of such failure being given, if performance of the Swap Agreement becomes illegal, if payments from the Issuer are reduced or payments to the Issuer are increased due to withholding tax for a period of time or if an Enforcement Notice is delivered by the Trustee to the Issuer. The Issuer may terminate a Swap Agreement if, among other things, the Swap Counterparty becomes insolvent, the Swap Counterparty fails to make a payment under the Swap Agreement when due and such failure is not remedied within three (3) Business Days after the notice of such failure being given or performance of the Swap Agreement becomes illegal.

The Issuer is exposed to the risk that the Swap Counterparty may become insolvent. In the event that the Swap Counterparty ceases to be an Eligible Swap Counterparty (such as due to a rating downgrade below certain specified levels), the Issuer may terminate the Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions could include the Swap Counterparty collateralising its obligations at a required amount,

transferring its obligations to a replacement Swap Counterparty or procuring a guarantee. However, in the event the Swap Counterparty is downgraded, there can be no assurance that an eligible guarantor or replacement Swap Counterparty will be available or that the amount of collateral will be sufficient to meet the Swap Counterparty's future obligations.

In the event that the Swap Agreement is terminated by either party, then, depending on the mark-to-market value of the swap, a termination payment may be due to the Issuer or to the Swap Counterparty. Any such termination payment could be substantial. In certain circumstances, termination payments required to be made by the Issuer to the Swap Counterparty will rank higher in priority than all payments on the Notes. In such an event, the Available Distribution Amount may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the Notes.

In the event that the Swap Agreement is terminated by either party or the Swap Counterparty becomes insolvent, the Issuer will endeavour but may not be able to enter into the Swap Agreement with a replacement Swap Counterparty immediately or at a later date. If a replacement Swap Counterparty cannot be contracted, the amount available to pay principal of and interest on the Class A Notes will be reduced if the floating rates-based interest on Class A Notes exceeds the fixed rate-based interest that the Issuer would have been required to pay the Swap Counterparty under the terminated Swap Agreement. In these circumstances, the Available Distribution Amount may be insufficient to make the required payments on the Class A Notes and the holders of Class A Notes may experience delays and/or shortfalls in the interest and principal payments on the Class A Notes.

The enforceability of a contractual provision which alters the priorities of payments to subordinate the claim of a swap counterparty (to the claims of other creditors of its counterparty) upon the occurrence of an insolvency of or other default by the swap counterparty (a so-called flip clause) has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a swap counterparty and have considered whether the payment priorities breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to the noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. In England, the Court of Appeal in *Perpetual Trustee Company Limited & Anor v BNY Corporate Trustee Services Limited & Ors* (2009) EWCA Civ 1160, dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions.

Contrary to the determination of the English Courts, a 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. In a more recent decision, the same U.S. bankruptcy court departed from certain aspects of that prior decision, finding that distributions made in accordance with such subordination provisions were protected by safe harbours in U.S. bankruptcy law. It is clear that there has been a divergence in approach both within the U.S. courts and between the U.S. courts and English courts. In the event of an unfavourable decision in either England or New York, the Issuer's ability to make payments on the Notes may be adversely affected.

Given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents include terms providing for the subordination of certain payments under the Swap Agreement, there is a risk that the outcome of any similar disputes in a relevant jurisdiction may adversely affect the Issuer's ability to make payments on the Notes and/or the market value of the Notes and result in negative rating pressure in respect of the Notes. If any rating assigned to any of the Rated Notes is lowered, the market value of such Notes may reduce.

VI. Legal and regulatory risks relating to the Purchased Receivables

No right, title or interest in the Financed Vehicles

The Seller will only transfer the Benefit of the Purchased Receivables, which will consist of unsecured monetary obligations of Customers under the Underlying Agreements, and the proceeds (net of associated expenses and value added tax) of sale (including any conditional sale or other disposition) of any Financed Vehicles following their return, repossession or recovery by the Seller or its agents. The Issuer will rely on the Seller to fulfil its contractual undertaking to pay to the Issuer any net proceeds of such sale.

The Issuer will not receive any right, title or interest in the Financed Vehicles themselves which are the underlying subject matter of the Underlying Agreements and will have no direct right to repossess a

Financed Vehicle if a Customer defaults under his Underlying Agreement. If the Underlying Agreements are governed by Scots law any net proceeds of the Underlying Agreements will be subject to a floating charge granted by the Seller to the Issuer (the "**Floating Charge**"), the Issuer will rely on the Seller to fulfil its contractual undertaking to pay to the Issuer any net proceeds of such Underlying Agreements. The Issuer will rely on the Servicer to exercise the rights and carry out the obligations described in "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*". BMW FS as Servicer will undertake for the benefit of the Issuer that it will act in the best interests of the Issuer in the Servicer's relations with Customers and in its exercise of any discretion arising from its performance of the Services 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. Furthermore, it should be noted that it may be difficult to trace and repossess any Financed Vehicle, that any proceeds arising on the disposal of a Financed Vehicle may be less than the total amount outstanding under the relevant Underlying Agreement, that any Financed Vehicle may be subject to an existing lien or similar right (for example, in respect of repairs carried out by a garage for which no payment has yet been made) and that any action to recover outstanding amounts may not be pursued if to do so would be uneconomic.

As the Issuer does not have any rights in, over or to the Financed Vehicles but only to the sale proceeds thereof, in the event of any insolvency of the Seller, the Issuer is reliant on any administrator or liquidator of the Seller taking appropriate steps to sell any such Financed Vehicle that has been returned, repossessed or recovered. As the sale proceeds from the Financed Vehicles have been assigned to the Issuer pursuant to the Receivables Purchase Agreement, the Financed Vehicles will have no economic value to the insolvent estate and therefore to the Seller's creditors as a whole. It is therefore unlikely that an administrator or liquidator of the Seller will have any incentive to take any steps to deal with the Financed Vehicles contrary to the provisions of the Transaction Documents. However, in the absence of such an economic interest, the administrator or liquidator may not be incentivised to realise the value of the Financed Vehicles in a timely manner. In order to incentivise the liquidator or administrator to realise the value of the Financed Vehicles or alternatively to cooperate in any realisation, the Issuer is required to pay the Administrator Incentive Recovery Fee to the liquidator or administrator.

However, there can be no certainty that any administrator or liquidator would take such actions to sell any Financed Vehicles which are returned, repossessed or recovered. Furthermore, any failure or delay on the part of an administrator or liquidator to sell or consent to the sale of a Financed Vehicle could have an adverse effect on the ability of the Issuer to make payments on the Notes.

Unsecured rights against BMW FS

The Issuer's claims against BMW FS arising as a result of the disposal of the related Financed Vehicles are unsecured contractual claims against BMW FS. The Issuer is therefore dependent upon BMW FS actually recovering such proceeds from the sale of any Financed Vehicles and remitting to the Issuer any proceeds of such realisation. To the extent BMW FS does not adequately carry out its recovery procedures as against a Customer or with respect to any Financed Vehicles or otherwise account for any proceeds of such action to the Issuer, the Issuer's ability to make payments on the Notes may be adversely affected.

Consumer Credit Act 1974 (as amended)

A credit agreement is regulated by the CCA in the following circumstances:

- (a) for agreements made prior to 1 April 2014, where: (a) the customer is or includes an "individual" as defined in the CCA (which includes certain small partnerships and certain unincorporated associations); (b) the amount of "credit" as defined in the CCA does not exceed any applicable financial limit in force when the credit agreement was made (from 6 April 2008, no applicable financial limit is in force, except a limit of £25,000 for certain changes to credit agreements); and (c) the credit agreement is not an exempt agreement under the CCA (for example, certain credit agreements for business purposes with an amount of credit exceeding £25,000 are exempt agreements);
- (b) 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 (Regulated Activities) Order 2001 (the "**RAO**"), i.e. if it involves the provision of credit of any amount by a lender to an individual (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 application of the CCA to Underlying Agreements which are regulated by the CCA will have several consequences including the following:

(a) *Voluntary Terminations*

At any time before the last payment falls due, the Customer may terminate the Underlying Agreement (without stating a reason). Generally, Customers may take advantage of the right of voluntary termination when they are in financial difficulty, or when the residual value of the Financed Vehicle on part-exchange is less than the amount that would be payable on early settlement. Customers can exercise their voluntary termination rights at any time. If they have repaid 50% of the total amount payable (including amount borrowed, interest and fees) through their regular instalments, they will not be liable to pay any further instalments that have not yet fallen due. If they have not repaid 50% they would become liable to do so when they exercise the right. If the Customer has caused any damage or failed to take reasonable care of the Financed Vehicle, they may also be liable to pay damages on top of the 50%. They would also be liable to pay any arrears of instalments.

Where a Customer exercises its right to voluntarily terminate the relevant Underlying Agreement, if the proceeds remitted to the Issuer from the sale of the relevant Financed Vehicle (following its recovery by BMW FS) are not sufficient to cover the Discounted Receivables Balance of such Voluntarily Terminated Receivables at such time, then this would result in the Issuer receiving less in respect of the related Purchased Receivables than it would have expected. This risk is mitigated, as following the occurrence of a PCP/VT Indemnification Trigger, the Seller shall, on the Cut-Off Date immediately following the date on which the Servicer has determined in accordance with the Credit and Collection Policy that any Purchased Receivable has become a Voluntarily Terminated Receivable, indemnify the Issuer in respect of the amount by which the aggregate Recoveries received by the Servicer in respect of all Indemnified Receivables in such PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables by paying the Issuer an amount equal to the PCP/VT Indemnification Amount (see the section "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement — Seller indemnification obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables*"). However, there can be no assurance that the Seller will comply with its obligations to indemnify the Issuer in these circumstances.

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

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

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

In addition, the Customer has a right to make partial early repayments. One or more partial early repayment(s) may be made at any time during the life of the Underlying Agreement, subject to the Customer taking certain steps as outlined in Section 94 of the CCA. The terms on partial early settlement are largely the same as those for full early settlement and the framework operates in much the same way.

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

(c) *Termination of regulated consumer credit contracts*

BMW FS has the right to terminate an Underlying Agreement for an unremedied material breach of agreement by the Customer and repossess the Financed Vehicle (unless the Financed Vehicle is "protected" under the CCA with the consequences described in "*Protected Goods*" below) and

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

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

(d) *Rebate on Early Settlement or where BMW FS terminates an Underlying Agreement*

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

(e) *Time Orders*

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

(f) *Interpretation of technical rules*

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

(g) *"Unfair relationship"*

The court has power under section 140A of the CCA to determine that the relationship between a lender and a customer arising out of the credit agreement is unfair to the consumer. In applying the unfair relationship test, the courts are able to consider a wider range of circumstances surrounding the transaction. The Supreme Court has given general guidance in respect of unfair relationships in *Plevin v Paragon Personal Finance Ltd* [2014] 1 WLR 4222. Whilst the court acknowledged that it is not possible to state a precise or universal test for an unfair relationship, which must depend on the court's judgment of all the relevant facts, the court did give the guidance on the nature of the test which should be applied. The court will consider whether the relationship between the debtor and the creditor is unfair.

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

(h) *Financial Ombudsman Service*

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

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

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

(j) *Enforcement action by the FCA*

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

(k) *Servicing Requirements*

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

Liability for misrepresentations and breach of contract and set-off

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

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

In addition, under section 56 of the CCA, a credit broker, such as a dealer, who carries out antecedent negotiations with a Customer, will be deemed to be acting in the capacity of agent of BMW FS as well as in his own capacity. BMW FS will therefore be potentially liable for misrepresentations made by a credit broker involved in introducing a Customer to BMW FS (for example, in relation to the dealer's promise on the quality or fitness of the vehicle, and to apply a part-exchange allowance to discharge an existing credit agreement). For further information see paragraph (i) of "*Regulated hire-purchase agreements*" below.

Regulated hire-purchase agreements

In addition, the main consequences of a hire-purchase agreement (including a personal contract purchase agreement) being regulated by the CCA are as described in paragraphs (i) to (vii) below:

- (i) The lender is liable to the customer for pre-contractual statements to the customer by a credit-broker, such as the dealer, in relation to goods sold or proposed to be sold by that credit-broker to the lender before forming the subject-matter of the hire purchase agreement. This liability arises in relation to the vehicle, and applies for example, to the dealer's promise to the customer on the quality or fitness of the vehicle, and can extend, for example, to the dealer's promise to apply a

part-exchange allowance to discharge an existing credit agreement. If any such pre-contractual statement is a misrepresentation or implied condition in the regulated consumer credit contract, then the customer is entitled to, amongst other things, rescind the contract and return the goods, and to treat the contract as repudiated by the lender and accept such repudiation by notice, and is not liable to make any further payments, and may claim repayment of the amounts paid by the customer under the contract and damages such as the cost of hiring an alternative vehicle. The customer may set off the amount of any such money claim against the amount owing by the customer under the credit agreement or any other credit agreement he has taken with the lender (or exercise analogous rights in Scotland). Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.

- (ii) When the customer is in breach of the hire-purchase agreement, and has paid at least one-third of the total amount payable for the goods (including any deposit), then the goods become protected goods ("**Protected Goods**"). The lender is not entitled to repossession of Protected Goods without a court order or the customer's consent given at the time of repossession. If the lender recovers Protected Goods without such order or consent, then the hire-purchase agreement is totally unenforceable against the customer, and the customer is entitled to recover from the lender all sums paid by the customer under the agreement.
- (iii) The lender is not entitled to enter any premises to take possession of any goods subject to a hire-purchase (whether Protected Goods or not) without a court order. In Scotland, the lender may need to obtain a court order to take possession of the goods in any event.
- (iv) The customer is entitled to terminate the hire-purchase agreement by giving notice, where he wishes to return the goods. On such termination, the customer is liable to surrender possession of the goods and pay the amount (if any) payable on voluntary termination. The amount payable by the customer on voluntary termination is restricted under the CCA to the amount (if any) required to bring the sum of all payments made and to be made by the customer for the goods up to one-half of the total amount payable for the goods (including any deposit). The customer must pay all arrears for the goods and compensation for any Breach of Duty to take reasonable care of the goods. Customers may take advantage of the right of voluntary termination when they are in financial difficulty, or when the residual value of the vehicle on part-exchange is less than the amount that would be payable on early settlement. For further information see "*Voluntary Terminations*" above.
- (v) Court decisions have conflicted on whether the amount payable by the customer on termination by the lender (for example, for repudiatory breach by the customer) is restricted to the amount calculated by the one-half formula for termination by the customer. The Underlying Agreements provide that the amount payable by the customer on termination by the lender is the total amount payable less any advance payment and repayments paid or due prior to termination, the option to purchase fee, any rebate of charges for which the customer is entitled for early settlement by law and any sale proceeds in respect of any recovered vehicle. Thus the Underlying Agreements reflect those court decisions favourable to the lender on this point.
- (vi) The court has power to give additional relief to the customer. For example, the court may: (a) make a time order giving the customer time to pay future repayments; and (b) suspend a return order for the return of the goods to the lender until breach by the customer of a time order or until further court order. For further information see "*Voluntary Terminations*" above.
- (vii) A disposition of the vehicle by the customer to a *bona fide* private purchaser without notice of the hire-purchase agreement will transfer to the purchaser the Seller's title to the vehicle.

Supply of Goods (Implied Terms) Act 1973

Under the Supply of Goods (Implied Terms) Act 1973 a customer may also make a claim for breach of contract against BMW FS or, potentially, terminate the relevant Underlying Agreement for repudiatory breach if the vehicle the subject of the Underlying Agreement is not of satisfactory quality (which includes an assessment of whether it is fit for its intended purpose).

For agreements entered into on or after 1 October 2015 (the "**CRA Commencement Date**") by a customer acting wholly or mainly outside that customer's trade, business, craft or profession, equivalent protections are contained in the Consumer Rights Act 2015 (the "**CRA**") (see "*Unfair Terms in Consumer Contracts Regulations 1999 and the Consumer Rights Act 2015*" below)

BMW FS cannot exclude liability for breach of a consumer's statutory rights arising either under the Supply of Goods (Implied Terms) Act 1973 or the Consumer Rights Act 2015 and any exclusion where the customer is a business customer will be subject to a test of reasonableness.

The agreements entered into with a Dealer provide that the Dealer warrants to BMW FS that the relevant Financed Vehicle complies with relevant regulatory requirements and terms implied by the Supply of Goods (Implied Terms) Act 1973. The Dealer also transfers the Benefit of any manufacturer warranty to BMW FS. The Seller will transfer the Benefit of such rights to the Issuer. However, no assurance can be given that this will cover all or any potential claims against the Seller as a result of any Financed Vehicle being in breach of any term implied by the Supply of Goods (Implied Terms) Act 1973.

This may adversely impact the Issuer's ability to make payments in full when due on the Notes.

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

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

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

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

The broad and general wording of the CRA15 makes any assessment of the fairness of terms largely subjective and therefore it is difficult to predict whether or not a court would find a term to be unfair. There is a risk that if the terms of the Underlying Agreements with Customers are held as unfair, this could result in the unenforceability of those unfair terms, which could mean that the Issuer does not receive all the realisable value of the Underlying Agreement in a timely manner, which would affect the Issuer's ability to make payments of interest and/or principal 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 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 addresses unfair practices in its regulation of consumer finance. No assurance can be given that any regulatory action or guidance in respect of 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.

Insurance

Each Underlying Agreement requires the Customer to take out and maintain comprehensive vehicle insurance and to notify the relevant insurer of BMW FS' interest in the policy. It should be noted that there can be no certainty that such insurance has in fact been taken out or maintained, or that any such insurance moneys will be sufficient to repay the outstanding balance of the total amount payable for the Financed

Vehicle or will be available to BMW FS, the Issuer or the Trustee. Consequently, there is a risk that this might impact the Issuer's ability to make payments in full when due on the Notes.

Recharacterisation of the English law collateral as a Floating Charge

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

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

The interest of the Secured Parties in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £800,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

Change of law

The Underlying Agreements underlying the Purchased Receivables and the agreements underlying the Related Collateral, the Receivables Purchase Agreement, the other Transaction Documents and the issue and structure of the Notes as well as the ratings which are to be assigned to the Rated Notes are based on English law and Scots law in effect on the date of this Offering Circular and as applied by the courts and other competent authorities in the relevant jurisdictions. No assurance can be given as to the impact of any possible change to English law or Scots law or their interpretation or judicial or administrative practice after the date of this Offering Circular.

FCA on-going work in the motor finance market

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

The FCA has also published a report entitled "*Credit Information Market Study*" which analyses the purposes, quality, and accessibility of market information as well as the market structure, business models, competition and consumer engagement. Credit information is particularly important in retail lending as it is used for assessment of credit risk and affordability as well as fraud prevention. The FCA's conclusions, and any subsequent rule changes, may have an effect on the vehicle finance market and possibly the Seller's business.

Moreover, during the COVID-19 pandemic, the FCA published guidance on "consumer credit and, coronavirus" and, although the majority of this guidance has now expired, the Tailored Support Guidance ("**TSG**") still remains in place. The TSG supplements the FCA's temporary guidance, first made in April 2020 and subsequently updated in July and November 2020 (as varied from time to time) ("**Payment Deferral Guidance**") and applies to firms dealing with customers facing payment difficulties due to circumstances arising out of COVID-19 who are not receiving payment deferrals under the Payment Deferral Guidance (or where they are no longer eligible for payment deferrals under that Payment Deferral Guidance).

In February 2021 the FCA published guidance for firms on the fair treatment of vulnerable customers (for example, those in poor health or subject to life events such as new caring responsibilities). The guidance sets out the actions firms should take to understand the needs of vulnerable customers, to make sure that firms are complying with their obligation to treat customers fairly. The guidance includes requirement in respect of staff training, the design of products, services and communications with customers.

In addition, in March 2021, the FCA launched the "borrowers in financial difficulty" project, designed to ensure that firms continue to support borrowers in financial difficulty. The project included motor finance. It included a survey of around 500 firms and smaller thematic investigations, with a focus on compliance with the Tailored Support Guidance previously provided by the FCA. This guidance sets out the FCA's expectations on the treatment of customers, including in respect of consumer credit. The FCA's expectations include that firms deliver specific outcomes: for example, that customers receive appropriate forbearance "that is in their interests and takes account of their individual circumstances". In November 2022 the FCA published a report of their key findings ("*Borrowers in Financial Difficulty following the Coronavirus pandemic – Key findings*") which included a number of findings, such as the importance of firms actively engaging with their customers who miss payments.

FCA Consumer Duty

Separately, the FCA has introduced a new Consumer Duty on regulated firms, which aims to set a higher level of consumer protection in retail financial markets. The FCA published a first consultation on the proposed Consumer Duty in May 2021, followed by a second consultation and draft guidance to assist firms in preparing for the new Consumer Duty published in December 2021.

In its December 2021 publication, the FCA proposed three elements to the new Consumer Duty, comprising of a new consumer principle, that "a firm must act to deliver good outcomes for the retail consumers of its products", cross-cutting rules supporting the consumer principle, and four outcomes, relating to the quality of firms' products and services, price and value, consumer understanding and consumer support. In July 2022 the FCA published its Final non-Handbook Guidance for firms which explains to firms how they can comply with their obligations under the new Consumer Duty and its final rules for the new Consumer Duty in PS22/9.

The Consumer Duty will apply in respect of loans falling within the consumer credit regime. It applies to product manufacturers and distributors, as well as firms administering or servicing in scope loans, who have direct contact with customers. Although the Consumer Duty does not apply retrospectively, the FCA has set out guidance in the Final non-Handbook Guidance on how to assess contracts held by existing customers. Whilst it is not yet possible to predict the precise effect of the new Consumer Duty on motor finance loans with any certainty, as the Consumer Duty comes into effect on 31 July 2023, it could impact the ability to service and enforce the terms of the underlying loans in practice and may also lead to changes in the characteristics of loans over time.

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

and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

VII. Legal, macro-economic and regulatory risks relating to the Notes

Increased regulation and changes of law

In the UK, the US, the European Union and elsewhere, there is continuing political and regulatory scrutiny of the financial sector from the UK Government, the Prudential Regulation Authority, the FCA and other regulators in the UK, the US, the European Union and elsewhere. As noted above, the FCA has been looking at the motor finance market and has started working on assessing options for policy intervention in relation to commission arrangements in the motor finance market (see the risk factor above entitled "*FCA on-going work in the motor finance market*").

It is not certain whether the circumstances described in the above paragraph could adversely affect the ability of the Issuer to make payments under the Notes, the market value of the Notes and/or the ability of investors to resell the Notes.

It is not certain whether any change of law, or regulatory, accounting or administrative practice, or their interpretation or administration, or the published practice of the United Kingdom tax authorities or tax authorities of any other relevant taxing jurisdiction, after the date of this Offering Circular could adversely affect the ability of the Issuer to make payments under the Notes, the market value of the Notes, investors' ability to resell the Notes and/or the Seller's ability to perform its obligations under the Transaction Documents.

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

- (a) certain aspects of the Seller's business (including the sale of products or the handling of complaints relating to such products) may be determined by the FCA, the FOS or the courts not to have been conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the FOS's opinion;
- (b) the high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press and politicians; the FCA in particular continues to drive focus on conduct of business activities through its supervision activity;
- (c) the Seller may be liable for damages to third parties (including customers) harmed by the conduct of its business; and
- (d) the risk of regulatory proceedings, and/or private litigation, arising out of regulatory investigations or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

Further details of specific risks are set out under "*VI. Legal and regulatory risks relating to the Purchased Receivables — Consumer Credit Act 1974 (as amended)*".

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

Breathing Space Regulations

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

In addition, in circumstances where the debtor is suffering from a mental health crisis, the debtor themselves or mental health professionals may apply to debt advisors for a mental health breathing space. This will end

thirty (30) calendar days after the debtor's mental health crisis treatment ends, or thirty (30) days after the date a debt adviser has no response after asking for confirmation from the nominated point of contact about a debtor's ongoing mental health crisis treatment.

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

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

The UK Securitisation Regulation and the EU Securitisation Regulation

In Europe, the European authorities adopted the EU Securitisation Regulation on 28 December 2017. The EU Securitisation Regulation applies to securitisations, the securities of which are issued on or after 1 January 2019. By virtue of the EUWA, the EU Securitisation Regulation forms part of UK law via the UK Securitisation Regulation.

Each of the UK Securitisation Regulation and the EU Securitisation Regulation (as in force on the Issue Date) includes revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and new due diligence requirements imposed on UK Affected Investors and EU Affected Investors ("**Affected Investors**") in a securitisation. If the due diligence requirements under the UK Securitisation Regulation and/or the EU Securitisation Regulation (as in force on the Issue Date) are not satisfied then depending on the regulatory requirements applicable to such Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the Affected Investor.

None of the Issuer, the Seller, the Arranger or the Managers or any of the other transaction parties (i) makes any representation that the information described above or elsewhere in this Offering Circular or which otherwise may be made available to such investors (if any) is sufficient in all circumstances for such purposes, (ii) shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of Article 5 of the UK Securitisation Regulation and/or Article 5 of the EU Securitisation Regulation (as in force on the Issue Date) (as applicable) or any other applicable legal, regulatory or other requirements; or (iii) shall have any obligation to provide any additional information and do not intend to provide any further information pursuant to Article 5 of the UK Securitisation Regulation and/or Article 5 of the EU Securitisation Regulation (as in force on the Issue Date) (as applicable).

In addition, the UK Securitisation Regulation and the EU Securitisation Regulation (as in force on the Issue Date) imposes certain enhanced disclosure requirements in respect of all securitisation transactions.

Investors should note that the Issuer only intends to comply with (a) the risk retention requirements of the EU Securitisation Regulation as it is in force on the Issue Date and only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis and (b) with the disclosure requirements of the EU Securitisation Regulation as it is in force on the Issue Date and thereafter (to the extent that, after the Issue Date, there is any divergence between the disclosure requirements under Article 7 of the UK Securitisation Regulation and the disclosure requirements under Article 7 of the EU Securitisation Regulation) the Issuer shall only continue to comply with the disclosure requirements under Article 7 of the EU Securitisation Regulation (as if such provisions were applicable to it) on a reasonable efforts basis.

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 UK Securitisation Regulation and the EU Securitisation Regulation and any corresponding national measures which may be relevant.

Investors to which the UK Securitisation Regulation or the EU Securitisation Regulation applies should also see the section "*CERTAIN REGULATORY DISCLOSURES*".

"**UK Affected Investor**" means each of CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK regulated insurers or reinsurers, certain management companies as defined in section 237(2) of the FSMA, UCITS as defined by section 236A of FSMA which is an authorised open ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993.

"**EU Affected Investor**" means each of CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, certain alternative investment fund managers which manage or market alternative investment funds in the EU, EU regulated insurers or reinsurers and certain management companies.

Neither the Seller as originator nor the Issuer as SSPE under the EU Securitisation Regulation is actively seeking to comply with the EU Securitisation Regulation on an ongoing basis. Accordingly, the Seller as originator and the Issuer as SSPE under the EU Securitisation Regulation intend to comply with the EU Securitisation Regulation as in force on the Issue Date but will not actively seek to comply with the EU Securitisation Regulation as it may be amended from time to time. For example, on 10 October 2022, the European Commission published a report under Article 46 of the EU Securitisation Regulation which is the first substantive review of the EU's securitisation framework since the EU Securitisation Regulation entered into force in 2019. The report set out possible future changes to the EU Securitisation Regulation, including in relation to the template disclosure requirements. EU Affected Investors should be aware of this and should note that their regulatory position may be affected.

In addition, on 9 December 2022, the UK Government announced a proposal for reform of the UK securitisation framework, which is expected to take effect in the course of 2023. This proposal may result in the increase in regulatory divergence between the UK and the EU securitisation rules.

Simple, Transparent and Standardised Securitisation (STS)

The UK Securitisation Regulation sets out the new criteria and procedures applicable to UK securitisations, seeking the designation as "simple, transparent and standardised" ("**STS**") securitisations, and includes provisions that harmonise and replace the risk retention and due diligence requirements applicable to certain securitisations. Certain investors are restricted from investing in such Notes unless that investor is able to demonstrate that it has undertaken certain due diligence assessments and verified various matters.

The Seller (in its capacity as originator for the purposes of the UK Securitisation Regulation) will procure that an STS Notification is submitted to the FCA confirming that the requirements of the UK Securitisation Regulation with respect to STS securitisations (the "**STS Requirements**") have been satisfied in respect of the Notes (the "**STS Notification**"). Such STS compliant securitisations appear on the list of STS Securitisations established and maintained by the FCA in accordance with Article 27(5) of the UK Securitisation Regulation. The STS Notification and accompanying explanation from the Seller of such transaction's compliance with Articles 20 to 22 of the UK Securitisation Regulation (compliance with such articles being required to qualify as an STS Securitisation) will be available for inspection at the website set out in the section entitled "*GENERAL INFORMATION*".

However, no assurance can be given that the Notes will, on the Issue Date, be compliant and thereafter remain compliant, because the STS Requirements may change over time. In addition, no assurance can be given on how competent authorities will interpret and apply the STS Requirements, any international or national regulatory guidance may be subject to change and, therefore, what is or will be required to demonstrate compliance with the STS Requirements to national regulators remains unclear.

For an outline of the possible consequences resulting from a failure by an investor to comply with any due diligence requirements applicable to it, please see section "*The UK Securitisation Regulation and the EU Securitisation Regulation*" above.

With respect to the STS Notification, the Seller intends to obtain a verification of compliance of the Notes with the STS Requirements (the "**STS Assessment**"), from PCS as a third party authorised under Article 28 of the UK Securitisation Regulation (the "**Authorised Third Party**"). It is important to note that the involvement of an Authorised Third Party is not mandatory and the responsibility for compliance with the STS Requirements remains with the relevant institutional investors, originators, sponsors, funding entities and issuers, as applicable in each case. An STS Assessment will not absolve such entities from making their own assessment and assessments with respect to the STS Requirements, and an STS Assessment cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities. Furthermore, an STS Assessment is not an opinion on the creditworthiness of the 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 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 STS Requirements need to make their own independent assessment and may not solely rely on any STS Assessment, the STS Notification or other disclosed information.

U.S. Risk Retention

The final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act, codified by Section 15G of the U.S. Securities Exchange Act of 1934, as in effect at any time or as otherwise amended (the "**U.S. Risk Retention Rules**"), came into effect with respect to all asset classes on 24 December 2016 and require the "sponsor" of a "securitization transaction" to retain at least 5% of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5% of the credit risk of the Notes for the purposes of the U.S. Risk Retention Rules, but rather intends to 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% of the dollar value (or equivalent amount in the currency in which the asset-backed securities are issued, as applicable) of all classes of asset-backed securities issued in the securitisation transaction are sold or transferred to U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Offering Circular as "**Risk Retention U.S. Persons**") or for the account or benefit of Risk Retention U.S. Persons; (3) neither the sponsor nor the issuer of the securitisation 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% of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised and located in the United States.

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first obtain the written consent of BMW FS, who will be monitoring the level of Notes purchased by, or for the account or benefit of, Risk Retention U.S. Persons. There can be no assurance that the requirement to obtain BMW FS prior written consent to the purchase of any Notes by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such 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 to, but not identical to, the definition of U.S. person under Regulation S under the Securities Act, 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 clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "**Risk Retention U.S. Person**" 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 holder of a Note or a beneficial interest therein acquired on the Issue Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed and, in certain circumstances will be required, to represent to the Issuer, the Seller and the Managers that it (1) is not a Risk Retention U.S. Person (unless it has obtained the prior written consent of BMW FS), (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.

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 sponsor 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 market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by a sponsor to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Issuer, the Seller or the Managers or 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 Issue Date 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.

Banking Act 2009

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

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

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

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such action may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain Conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "**default events**" have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Loans). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain Conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

Lastly, as a result of Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EU Member State and/or certain group companies could be subject to certain resolution actions in that EU state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

Basel Capital Accord and regulatory capital requirements

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

may be subject to some level of national variation. CRD V, as it had effect immediately before the end of the Implementation Period, has been retained in UK domestic law by virtue of the EUWA (with amendments aimed at preventing, remedying or mitigating any failure of retained EU law to operate effectively, or any other deficiency in retained EU law arising from the withdrawal of the United Kingdom from the EU). Therefore, it can be expected that laws and regulations relating to capital requirements and related prudential regulatory matters will continue to develop.

The main implementation date for the final Basel III reforms (including the additional proposed reforms informally known as Basel 3.1 or Basel IV) given by the Basel Committee is 2023. However, implementation of these reforms in the UK and EU is not expected until 2025. The PRA published its consultation paper on Basel 3.1 implementation on 30 November 2022, indicating that it intends to implement the changes from 1 January 2025. Similarly, the EU is implementing its final reforms through updates to the Capital Requirements Regulation and the Capital Requirements Directive, expected to take effect from 1 January 2025.

There is a risk that changes under CRD V (in relation to the UK, as implemented in or effective in UK domestic law), Basel III and Basel 3.1/IV, as described above, may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes, therefore impacting investors that are subject to requirements that follow the relevant framework and, as a result, may adversely affect the liquidity and/or value of the Notes.

UK taxation treatment 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, investors should note that the Securitisation Tax Regulations are in short form and that, when considering the scope and operation of the Securitisation Tax Regulations, advisers are required to rely to a significant extent upon guidance from the UK tax authorities. 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

In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes (as to which see the section entitled "*TAXATION — United Kingdom Taxation*" below), neither the Issuer nor any other person will be obliged to pay any additional amounts to Noteholders or to otherwise compensate Noteholders for the reduction in the amounts they would receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made, the Issuer will have the option (but not the obligation) of redeeming all outstanding Notes in full at their Aggregate Outstanding Note Balance (together with accrued interest). For the avoidance of doubt, neither the Trustee nor the Noteholders will have the right to require the Issuer to redeem the Notes in these circumstances. See Condition 8.4 (*Optional Redemption for Taxation Reasons*).

Change of Tax Law

The structure of this transaction, including, without limitation, the issue of the Notes, as well as the ratings which are to be assigned to the Rated Notes are based on tax law and practice in effect on the date of this Offering Circular and as applied in the United Kingdom and any other relevant jurisdiction. No assurance can be given as to the impact of any possible change of applicable tax law or its interpretation or of practice after the date of this Offering Circular.

THE ISSUER BELIEVES THAT THE RISKS DESCRIBED HEREIN ARE A LIST OF RISKS WHICH ARE SPECIFIC TO THE SITUATION OF THE ISSUER AND/OR THE NOTES AND WHICH ARE MATERIAL FOR TAKING INVESTMENT DECISIONS BY THE POTENTIAL NOTEHOLDERS. ALTHOUGH THE ISSUER BELIEVES THAT THE VARIOUS STRUCTURAL ELEMENTS DESCRIBED IN THIS OFFERING CIRCULAR MITIGATE SOME OF THESE RISKS FOR NOTEHOLDERS, THERE CAN BE NO ASSURANCE THAT THESE MEASURES WILL BE SUFFICIENT TO ENSURE PAYMENT TO NOTEHOLDERS OF

INTEREST, PRINCIPAL OR ANY OTHER AMOUNTS ON OR IN CONNECTION WITH THE NOTES ON A TIMELY BASIS OR AT ALL. THE ISSUER DOES NOT REPRESENT THAT THE ABOVE STATEMENTS REGARDING THE RISK OF HOLDING THE NOTES ARE EXHAUSTIVE. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE ISSUER OR THAT THE ISSUER CURRENTLY BELIEVES TO BE IMMATERIAL COULD ALSO HAVE A MATERIAL IMPACT ON THE ISSUER'S FINANCIAL STRENGTH IN RELATION TO THIS TRANSACTION.

CERTAIN REGULATORY DISCLOSURES

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

Please refer to "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes*" for more information.

UK Securitisation Regulation and the EU Securitisation Regulation

General

The Seller (as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation and as Subordinated Lender) will:

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

provided always that, in relation to (a) to (d) above insofar they relate to the EU Securitisation Regulation (as in force on the Issue Date) only, (i) only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and (ii) to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis.

Transparency requirements

UK Transparency Requirements

The Issuer (as the SSPE (as defined in the UK Securitisation Regulation)) has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation. Notwithstanding the appointment of the Issuer as designated entity, the Seller as the originator is responsible for compliance with Articles 7 and 22(5) of the UK Securitisation Regulation. 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 to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.

The Issuer will procure that the Servicer will:

- (a) from the Issue Date:
 - (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation;

- (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "**UK SR Investor Reports**");

- (b) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date);
- (c) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation; and
- (d) make available (i) the draft STS notification prior to the pricing of the Notes and (ii) the STS Notification on or about the Issue Date,

provided that (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the UK Securitisation Regulation (as in force on the Issue Date) remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control.

The reports set out in paragraph (a) above and the documentation and information set out in paragraphs (b), (c) and (d) above shall be published or made otherwise available by the Servicer as required under Article 7(2) of the UK Securitisation Regulation on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation (the "**UK SR Repository**"). Each UK SR Investor Report shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

Any events which trigger changes in the Priority of Payments and any change in the Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

Any material changes to the Seller's prior underwriting policies and credit and collection procedures shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation and the Transaction Documents.

The Issuer intends that this Offering Circular constitutes a transaction summary overview of the main features of the Transaction contemplated herein for the purposes of Article 7(1)(c) of the UK Securitisation Regulation (and make the same available to investors prior to the pricing of the Notes).

EU Transparency Requirements

The Issuer (as the SSPE (as defined in the EU Securitisation Regulation (as in force on the Issue Date))) has been appointed as the designated entity under Article 7(2) of the EU Securitisation Regulation (as in force on the Issue Date). The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the EU Securitisation Regulation. Notwithstanding the appointment of the Issuer as designated entity, the Seller as the originator is responsible for compliance with Article 7 of the EU Securitisation Regulation (as in force on the Issue Date). 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 to the monthly reports to investors that are prepared pursuant to the Servicing Agreement.

The Issuer will procure that the Servicer will:

- (a) from the Issue Date:
 - (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as in force on the Issue Date);
 - (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as in force on the Issue Date) (and make the same available to potential investors before pricing upon request),in each case, in the form prescribed as at such time under the EU Securitisation Regulation (as in force on the Issue Date) (the "**EU SR Investor Reports**");
- (b) make available the documents as required by and in accordance with Article 7(1)(b) of the EU Securitisation Regulation (as in force on the Issue Date) prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date); and
- (c) publish on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation (as in force on the Issue Date) (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as in force on the Issue Date),

provided that (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control, **and provided further that** (a) the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) apply only until such time when the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the disclosure requirements under Article 7 of the UK Securitisation Regulation will also satisfy the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) due to the application of an equivalency regime or similar analogous concept and (b) to the extent that, after the Issue Date, there is any divergence between the disclosure requirements under Article 7 of the UK Securitisation Regulation and the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date), the Servicer shall only continue to comply with the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) (as if such provisions were applicable to it) on a reasonable efforts basis.

The reports set out in paragraph (a) above and the documentation and information set out in paragraphs (b) and (c) above will be published or made otherwise available by the Servicer as required under Article 7(2) of the EU Securitisation Regulation on SecRep B.V. at www.secprep.eu, being a securitisation repository registered under Article 10 of the EU Securitisation Regulation (the "**EU SR Repository**"). For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular. Each EU SR Investor Report shall be made available no later than one month following the due date for the payment of interest.

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 UK Securitisation Regulation and the EU Securitisation Regulation (as in force on the Issue Date) and any corresponding national measures which may be relevant to investors and none of the Issuer, the Trustee, the Seller, the Servicer, the Calculation Agent, the Arranger, the Lead Managers or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Offering Circular is sufficient in all circumstances for such purposes.

Please refer to the section entitled "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes – The UK Securitisation Regulation and the EU Securitisation Regulation*" for further information on the implications of (a) the UK Risk Retention Requirements and the UK Securitisation

Regulation and (b) the EU Risk Retention Requirements (as in force on the Issue Date) and the EU Securitisation Regulation (as in force on the Issue Date).

STS Status

The Seller confirms that it will make an STS Notification (as defined in the UK Securitisation Regulation) to the FCA that the Transaction is an STS-compliant securitisation pursuant to Article 18 of the UK Securitisation Regulation. Such STS-compliant securitisations appear on the list of STS-compliant securitisations established and maintained by the FCA in accordance with Article 27(5) of the UK Securitisation Regulation (each, an "**STS Securitisation**"). The STS Notification and accompanying explanation from the Seller of the transaction's compliance with Articles 20 to 22 of the UK Securitisation Regulation (compliance with such articles being required to qualify as an STS Securitisation) will be available for inspection at on the list maintained by the FCA.

Verification of data

The Seller has pooled receivables arising from its PCP Agreements, which fulfil all Eligibility Criteria other than the Concentration Limits (the "**Preliminary Portfolio**").

The Preliminary Portfolio has been subject to an agreed upon procedures review on a sample of loans selected from the Preliminary Portfolio conducted by a third-party and completed with respect to the Preliminary Portfolio in existence on 31 January 2023 and to verify that the Preliminary Portfolio is compliant with certain Eligibility Criteria that was able to be tested prior to issuance. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the underlying exposures are accurate. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.

The Seller has reviewed the reports and is of the opinion that there were no significant adverse findings in such reports.

Liability cashflow model

The Seller will make available a liability cashflow model via EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>. The Seller shall procure that such liability cashflow model (a) precisely represents the contractual relationship between the Purchased Receivables and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer, and (b) is made available to (i) prior to pricing of the notes, potential investors and (ii) on an on-going basis, investors in the Notes and to potential investors in the Notes upon request. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

Authorised third party

The Seller has used the services of PCS as an Authorised Third Party authorised under Article 28 of the UK Securitisation Regulation to assess whether the Transaction complies with the STS Requirements and prepare an STS Assessment. It is expected that the STS Assessment prepared by the Authorised Third Party will be available on the website of PCS (<https://pcsmarket.org/sts-verification-transactions/>) together with a detailed explanation of its scope (<https://pcsmarket.org/disclaimer/>). For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

INTRODUCTION TO THE STRUCTURE OF THE TRANSACTION

On the Issue Date, the Seller will sell and assign to the Issuer, against payment of the Initial Portfolio Purchase Price (£549,400,000), and on any Payment Date during the Revolving Period, the Seller may sell and assign to the Issuer, against payment of the Additional Portfolio Purchase Price, certain hire purchase receivables (the "**Purchased Receivables**") originated pursuant to PCP Agreements by the Seller in respect of customers located in England and Wales and Scotland, together with the Related Collateral by means of and pursuant to the Receivables Purchase Agreement (in each case, as regards to the Scottish Receivables, subject to a Scottish Declaration of Trust). The Purchased Receivables will be selected according to the eligibility criteria (the "**Eligibility Criteria**") set out in "*ELIGIBILITY CRITERIA*".

The Related Collateral (as defined below) transferred to the Issuer consists of, *inter alia*, (i) 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; (ii) 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; (iii) 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; and (iv) the right to receive the Vehicle Sales Proceeds. Pursuant to the Servicing Agreement, the Servicer will be obligated to enforce the Issuer's right, title and interest in, to and under the Related Collateral in accordance with the Credit and Collection Policy and apply the enforcement proceeds to the relevant Purchased Receivables and insofar as such enforcement proceeds are applied to Purchased Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Account. In addition, pursuant to the Receivables Purchase Agreement, the Seller is obligated to promptly (in each case after the relevant Financed Vehicle is in its possession or control) sell any Financed Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Underlying Agreement and/or Credit and Collection Policy. The Issuer will be entitled to receive all recoveries which relate to any Defaulted Receivable, Voluntarily Terminated Receivable or PCP Handback Receivable (including, but not limited to, the sales proceeds in respect of any Financed Vehicle). Under the Deed of Charge, the Issuer will create security over substantially all of its assets, rights, claims and interests (together the "**Security**"), as more specifically defined in "*MASTER DEFINITIONS SCHEDULE*", comprising primarily the Purchased Receivables, the Related Collateral and other claims of the Issuer under the Transaction Documents for the benefit of the Trustee who in turn will hold the Security for the benefit of the Noteholders and the other Secured Parties.

The Class A Notes are expected, on the Issue Date, to be rated AAA(sf) by Fitch and Aaa(sf) by Moody's. The Class B Notes are expected, on the Issue Date, to be rated A(sf) by Fitch and A1(sf) by Moody's. For the Class C Notes no rating will be solicited. Both Fitch and Moody's are established in the United Kingdom, and both Fitch and Moody's are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013 as it forms part of the domestic law of the United Kingdom by virtue of EUWA. Reference is made to the list of registered or certified credit rating agencies published by the FCA on its website www.fca.org.uk. The assignment of ratings to the Rated Notes or an outlook on these ratings is not a recommendation to invest in any of the Rated Notes and may be revised, suspended or withdrawn at any time.

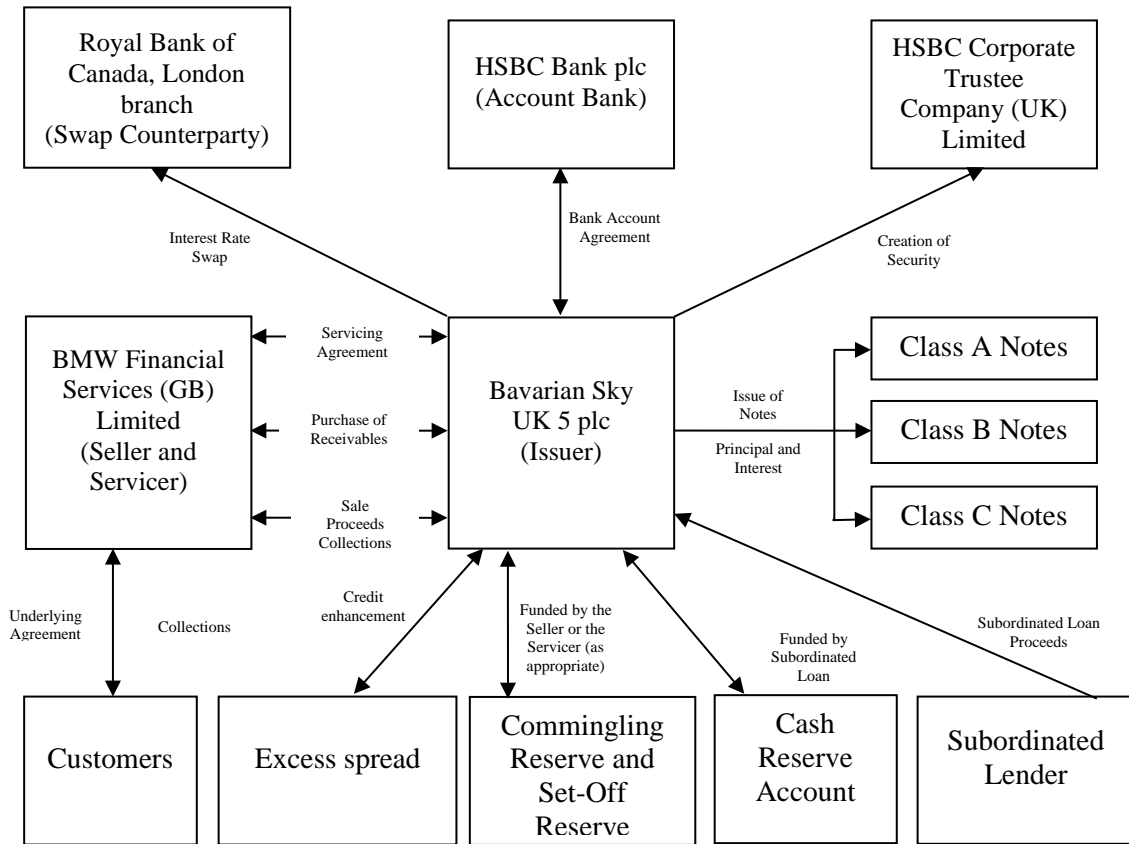
The ratings assigned to the Rated Notes by Fitch will be endorsed by Fitch Ratings Ireland which is established in the European Union and registered under the EU CRA Regulation. The ratings assigned to the Rated Notes by Moody's will be endorsed by Moody's Deutschland GmbH which is established in the European Union and registered under the EU CRA Regulation.

The Issuer will enter into a Swap Agreement with the Swap Counterparty which will enable the Issuer to exchange a fixed interest rate into Compounded Daily SONIA. The Swap Counterparty and its successor, as the case may be, must be an Eligible Swap Counterparty.

The Seller in its capacity as Servicer will service, collect and administer the Purchased Receivables and the Related Collateral on behalf of the Issuer pursuant to a servicing agreement (the "**Servicing Agreement**") using the same degree of care and diligence as it would use if the Purchased Receivables and the Related Collateral were its own property.

STRUCTURE DIAGRAM

This structure diagram of the Transaction is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Offering Circular.



PARTIES TO THE TRANSACTION

| | |
|---|--|
| Issuer | Bavarian Sky UK 5 plc, a public limited company incorporated under the laws of England and Wales (registered number 14032087) with its registered address at Third Floor, 1 King's Arms Yard, London, EC2R 7AF. See " <i>THE ISSUER</i> ". |
| Holdings | Bavarian Sky UK Holdings Limited, a private limited company incorporated under the laws of England and Wales (registered number 10840759) with its registered address at Third Floor, 1 King's Arms Yard, London, EC2R 7AF. See " <i>HOLDINGS</i> ". |
| Seller | BMW Financial Services (GB) Limited (" BMW FS "), a company incorporated in England and Wales having its registered office at Summit One, Summit Avenue, Farnborough, Hants, England GU14 0FB, is a wholly-owned subsidiary of Bayerische Motoren Werke Aktiengesellschaft (" BMW AG "). See " <i>THE SELLER AND SERVICER</i> ". |
| Customer | In respect of a Receivable, a customer of the Seller who has executed one or more Related Underlying Agreements with the Seller. |
| Servicer | BMW FS, unless the engagement of BMW FS as servicer of the Issuer is terminated upon the occurrence of a Servicer Termination Event in which case the Servicer will mean the successor Servicer (if any). See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement</i> ". See also " <i>THE SELLER AND SERVICER</i> ". |
| Back-Up Servicer Facilitator | Wilmington Trust SP Services (London) Limited, a company incorporated in England and Wales having its registered office at Third Floor, 1 King's Arms Yard, London, EC2R 7AF. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement</i> ". See also " <i>THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR</i> ". |
| Swap Counterparty | Royal Bank of Canada, London branch, the UK establishment of Royal Bank of Canada with company number BR000548 and having its UK registered office at 100 Bishopsgate, London, EC2N 4AA. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement</i> ". See also " <i>THE SWAP COUNTERPARTY</i> ". |
| Trustee | HSBC Corporate Trustee Company (UK) Limited. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS – Trust Deed</i> ". See also " <i>THE TRUSTEE</i> ". |
| Secured Parties | The Noteholders, the Trustee, the Seller, the Servicer (if different from the Seller), the Subordinated Lender, the Swap Counterparty, the Interest Determination Agent, the Registrar, the Calculation Agent, the Paying Agents, the Account Bank, the Data Trustee, the Corporate Services Provider, the Back-Up Servicer Facilitator, any Receiver, any Appointee and any successor, assignee, transferee or replacement thereof and any other party that becomes a Secured Party pursuant to the Deed of Charge. |
| Joint Lead Managers | Banco Santander, S.A., Paseo de Pareda 9 12, Santander 39004, Spain and HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Subscription Agreement</i> ". |
| Co-Managers | Lloyds Bank Corporate Markets plc, 10 Gresham Street, London EC2V 7AE and RBC Europe Limited, 100 Bishopsgate, London, EC2N 4AA. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Subscription Agreement</i> ". |

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| Subordinated Lender | BMW FS. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Subordinated Loan Agreement</i> ". |
| Account Bank | HSBC Bank plc. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Bank Account Agreement</i> ". See also " <i>THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE</i> ". |
| Data Trustee | HSBC Bank plc. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement</i> ". See also " <i>THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE</i> ". |
| Calculation Agent | HSBC Bank plc. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Calculation Agency Agreement</i> ". See also " <i>THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE</i> ". |
| Principal Paying Agent .. | HSBC Bank plc. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement</i> ". See also " <i>THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE</i> ". |
| Interest Determination Agent | HSBC Bank plc. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement</i> ". See also " <i>THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE</i> ". |
| Registrar | HSBC Bank plc. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement</i> ". See also " <i>THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT, THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE</i> ". |
| Corporate Services Provider | Wilmington Trust SP Services (London) Limited, a company incorporated in England and Wales having its registered office at Third Floor, 1 King's Arms Yard, London, EC2R 7AF. See " <i>OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — The Corporate Services Agreement</i> ". See also " <i>THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR</i> ". |
| Rating Agencies | Fitch and Moody's. |

TRANSACTION OVERVIEW

This section "Transaction Overview" must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole. The following Transaction Overview is qualified in its entirety by the remainder of this Offering Circular. In the event of any inconsistency between this Transaction Overview and the information provided elsewhere in this Offering Circular, the latter will prevail.

General Description On the Issue Date, the Seller will sell, transfer and assign to the Issuer, against payment of the Initial Portfolio Purchase Price (£549,400,000), Receivables (subject, as regards to the Scottish Receivables, to a Scottish Declaration of Trust) originated by the Seller together with the Related Collateral pursuant to the Receivables Purchase Agreement.

Further, on any Payment Date during the Revolving Period, the Seller may sell, transfer and assign to the Issuer, against payment of the Additional Portfolio Purchase Price, Receivables (subject, as regards to the Scottish Receivables, to a Scottish Declaration of Trust) originated by the Seller together with the Related Collateral, as comprised in an Additional Portfolio.

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

The sale of the Scottish Receivables will be given effect by a Scottish Declaration of Trust. No notice of the sale of the Scottish Receivables will be given to Customers unless a Perfection Event shall have occurred.

The "**Revolving Period**" is the period commencing on (and including) the Issue Date and ending on (but excluding) the earlier of (a) the Payment Date falling in May 2024, and (b) the date on which an Early Amortisation Event occurs. For the avoidance of doubt, unless an Enforcement Notice has been delivered or an Early Amortisation Event has occurred, 20 May 2024 shall be the first Payment Date on which any repayment of the principal amount shall be made in respect of the Notes in accordance with the Pre-Enforcement Priority of Payments.

The Purchased Receivables are owed by the respective Customers to the Seller and include any obligation of the respective Customers to make repayments and pay rent, fees, costs, prepayment penalties (if any) and late payment interest owed under the respective Underlying Agreements. The Purchased Receivables have been selected according to the Eligibility Criteria (see "**ELIGIBILITY CRITERIA**"). The Eligibility Criteria are to be fulfilled on the Cut-Off Date immediately preceding the Issue Date (in the case of the Initial Portfolio) or (in the case of any Additional Portfolio) the Cut-Off Date immediately preceding the relevant Payment Date.

The Related Collateral will consist, *inter alia*, of (i) 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; (ii) 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; (iii) 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; and (iv) the right to receive the Vehicle Sales Proceeds. Pursuant to the Servicing Agreement, the Servicer will be obligated to enforce the Issuer's right, title and interest in, to and under the Related Collateral in accordance with the

Credit and Collection Policy and apply the enforcement proceeds to the relevant Purchased Receivables and insofar as such enforcement proceeds are applied to Purchased Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Account. Pursuant to the Receivables Purchase Agreement, the Seller is obligated to promptly (in each case after the relevant Financed Vehicle is in its possession or control) sell any Financed Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Underlying Agreement and/or Credit and Collection Policy (other than where the Purchased Receivable related to such Financed Vehicle has previously been repurchased by the Seller in accordance with the terms of the Receivables Purchase Agreement). The Issuer will be entitled to receive all Recoveries which relate to any Defaulted Receivable, Voluntarily Terminated Receivable or PCP Handback Receivable (including, but not limited to, the sales proceeds in respect of any Financed Vehicle). The Issuer will create the security interests over its assets for the benefit of the Trustee who in turn will hold the Security for the benefit of the Noteholders and the other Secured Parties under the Deed of Charge thereby securing the respective payment claims of the Secured Parties.

The Notes are expected to be listed on issuance.

On the Issue Date, the Class A Notes and Class B Notes will carry two ratings from the Rating Agencies. The Class A Notes are expected to be rated AAA(sf) by Fitch and Aaa(sf) by Moody's. The Class B Notes are expected to be rated A(sf) by Fitch and A1(sf) by Moody's. For the Class C Notes no rating will be solicited.

Each of Fitch and Moody's is established in the United Kingdom and Fitch and Moody's have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013 as it forms part of domestic law in the United Kingdom by virtue of the EUWA. Reference is made to the list of registered or certified credit rating agencies published by the FCA on its website www.fca.org.uk.

The ratings assigned to the Rated Notes by Fitch will be endorsed by Fitch Ratings Ireland which is established in the European Union and registered under the EU CRA Regulation. The ratings assigned to the Rated Notes by Moody's will be endorsed by Moody's Deutschland GmbH which is established in the European Union and registered under the EU CRA Regulation.

The Issuer will enter into an interest rate swap with the Swap Counterparty (the "**Swap Agreement**") which will enable the Issuer to exchange a fixed interest rate into Compounded Daily SONIA. The Swap Counterparty and its successor, as the case may be, must be an Eligible Swap Counterparty.

The Notes have the benefit of credit enhancement provided primarily through (i) the Excess Spread, (ii) the subordination of the Class C Notes to the Class B Notes and the Class A Notes, (iii) the subordination of the Class B Notes to the Class A Notes and (iv) the subordination of the Subordinated Loan to the Class A Notes, the Class B Notes and the Class C Notes. The amount credited to the Cash Reserve Account will be funded, on the Issue Date, with £7,200,000 borrowed by the Issuer through the Subordinated Loan. See "*CREDIT STRUCTURE AND FLOW OF FUNDS — Credit Enhancement*".

Under the Servicing Agreement, the Servicer will, on behalf of the Issuer, conduct the servicing of the Purchased Receivables and the Related

Collateral on the basis of its Credit and Collection Policy and will apply the same degree of care and diligence as it would use if the Purchased Receivables and the Related Collateral were its own property.

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| Initial Portfolio Purchase Price | £549,400,000.00. |
| Cut-Off Date | The Cut-Off Date is the last day of each calendar month, and the Cut-Off Date with respect to each Payment Date is the Cut-Off Date immediately preceding such Payment Date, provided that the Cut-Off Date immediately preceding the Issue Date is 31 March 2023. |
| Issue Date | 20 April 2023. |
| The Notes | The Notes are the Class A Notes, the Class B Notes and the Class C Notes. See " <i>TERMS AND CONDITIONS OF THE NOTES</i> ". |
| Class A Notes | The £400,000,000 Class A floating rate notes due April 2031. The Class A Notes will rank senior to the Class B Notes, the Class C Notes and to the Subordinated Loan in accordance with the applicable Priority of Payments. |
| Class B Notes | The £78,000,000 Class B fixed rate notes due April 2031. The Class B Notes will be subordinated to the Class A Notes but will rank senior to the Class C Notes and to the Subordinated Loan in accordance with the applicable Priority of Payments. |
| Class C Notes | The £71,400,000 Class C fixed rate notes due April 2031. The Class C Notes will be subordinate to the Class A Notes and the Class B Notes but will rank senior to the Subordinated Loan in accordance with the applicable Priority of Payments. The Seller will purchase and retain the Retained Class C Notes until the earlier of the redemption of the Class A Notes and the Class B Notes in full and the Legal Final Maturity Date in order to comply with the UK Risk Retention Requirements. See " <i>RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes — Basel Capital Accord and regulatory capital requirements</i> ". |
| Use of Proceeds | The aggregate net proceeds from the issue of the Notes, amounting to £549,400,000 will be used by the Issuer to purchase, on the Issue Date, the Receivables in the Initial Portfolio together with the Related Collateral. |
| Form and Denomination .. | Each Class of Notes will initially be represented by a Global Note in registered form and held under the NSS. The Global Notes representing the Notes will be deposited with the respective common safekeeper appointed by Euroclear Bank SA/NV as the operator of Euroclear and Clearstream, Luxembourg. The Notes will be transferred in book-entry form only. The Notes will be issued in a denomination of £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit, higher integral multiples of £1,000. The Global Notes representing the Notes will be exchangeable for definitive notes under certain conditions. The Rated Notes are intended to be held in a manner which will allow Eurosystem eligibility. See " <i>TERM AND CONDITIONS OF THE NOTES — Condition 3.1 (Form and Denomination)</i> ". In particular, please see the risk factor entitled " <i>Eurosystem eligibility</i> " above. |
| Status of the Notes | The Notes are issued pursuant to the terms of a subscription agreement (the " Subscription Agreement ") dated on or about the Issue Date between the Issuer, the Seller and the Managers. The Notes are secured by the Security pursuant to the Deed of Charge. In point of security and as to the payment of both interest and principal, the Class A Notes rank |

in priority to the Class B Notes and the Class C Notes in accordance with the applicable Priority of Payments. Prior to the delivery of an Enforcement Notice on the Issuer by the Trustee, principal on the Class A Notes, the Class B Notes and the Class C Notes will be redeemed, on each Payment Date after the termination of the Revolving Period, on a sequential basis with the Class A Notes being redeemed prior to the Class B Notes and the Class C Notes. See "*CREDIT STRUCTURE AND FLOW OF FUNDS — Amortisation*". Subject to the application of the Available Post-Enforcement Funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments, the Trustee will have regard (i) as long as any of the Class A Notes are outstanding, only to the interests of the Class A Noteholders and (ii) if no Class A Notes remain outstanding, only to the interests of the Class B Noteholders and (iii) if no Class A Notes and no Class B Notes remain outstanding, only to the interests of the Class C Noteholders and (iv) if no Notes remain outstanding, only to the interests of the Secured Party ranking highest in the Post-Enforcement Priority of Payments to whom any amounts are owed, as regards the exercise and performance of all powers, trusts, authorities, duties and discretions of the Trustee in respect of the Trust Property under the Trust Deed, the Deed of Charge or under any other documents the rights or benefits of which are comprised in the Trust Property (except where expressly provided otherwise).

Payment Date..... In respect of the first Payment Date, 20 May 2023 and thereafter the twentieth (20th) day of each calendar month, **provided that** if any such day is not a Business Day, the relevant Payment Date will fall on the next following Business Day unless such date would thereby fall into the next calendar month, in which case the Payment Date will be the immediately preceding Business Day. Any reference to a Payment Date relating to a given Monthly Period will be a reference to the Payment Date falling in the calendar month following such Monthly Period.

Legal Final Maturity Date The Payment Date falling in April 2031.

Interest on the Notes The Interest Rate applicable to the Notes for each Interest Period will be:

- (a) in the case of the Class A Notes, the Reference Rate plus 0.62% *per annum*, provided that if such rate is below zero, the Interest Rate will be zero;
- (b) in the case of the Class B Notes, 1.00% *per annum*; and
- (c) in the case of the Class C Notes, 1.50% *per annum*.

"Reference Rate" means interest set by reference to the Compounded Daily SONIA (as determined pursuant to Condition 6.4 (*Interest Rate*)).

Interest payments will be made subject to withholding or deduction for or on account of tax (including, for the avoidance of doubt, in respect of FATCA) (if any) required by law and neither the Issuer nor any other person will be obliged to pay additional amounts as a consequence of any such withholding or deduction.

Collections..... In respect of any Purchased Receivables and Related Collateral during the relevant period, any amounts, proceeds, interest, late payment or similar charges and any other cash or financial benefits received on or in connection with such Purchased Receivables and Related Collateral including, without limitation:

- (a) all collections of the Instalments that have been paid by the Customers;

- (b) all full or partial settlement amounts paid by the Customers;
- (c) all proceeds of any Related Collateral, including, without limitation, all Vehicle Sales Proceeds received on a sale of the Financed Vehicles; and
- (d) any proceeds from the sale of Defaulted Receivables (together with the Related Collateral) received by the Servicer on behalf of the Issuer from any third party and any amounts after realisation of the Related Collateral to which the Issuer is entitled under the relevant Underlying Agreements (for the avoidance of doubt, including Recoveries).

Monthly Period..... With respect to the first Monthly Period, the period commencing on (but excluding) the Cut-Off Date immediately preceding the Issue Date and ending on (and including) 30 April 2023 and with respect to each following Monthly Period the period commencing on (but excluding) a Cut-Off Date and ending on (and including) the immediately following Cut-Off Date.

Repurchase of the Receivables and Related Collateral..... On the Issue Date, the Seller shall represent and warrant that any Receivable offered for purchase is eligible in accordance with the Eligibility Criteria on the Cut-Off Date immediately preceding the Issue Date. On the relevant Payment Date, the Seller shall represent and warrant that any Receivable comprised within an Additional Portfolio offered for purchase is eligible in accordance with the Eligibility Criteria on the Cut-Off Date immediately preceding such Payment Date. In addition, on each date on which a Variation is agreed in respect of a Purchased Receivable, the Seller represents and warrants that the Variation is not a Non-Permitted Variation.

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 Contract being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA), including 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 breach cannot be remedied, or if the relevant Purchased Receivable never existed or has ceased to exist such that it is not outstanding as at the date of the repurchase, the Seller will be required to repurchase such Purchased Receivable for:

- (i) an amount equal to the Discounted Receivables Balance as at the Cut-Off Date immediately preceding the date of repurchase in respect of the applicable Non-Compliant Receivable (the "**Non-Compliant Receivable Repurchase Price**"); or
- (ii) in the case of a Purchased Receivable which never existed, or has ceased to exist, such that it is not outstanding as at the date of the repurchase, an amount equal to (a) the Discounted Receivables Balance of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties as at the relevant Cut-Off Date and (b) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the APR in respect of such Purchased Receivable, as determined by the Servicer at the end of the immediately preceding Monthly Period (the "**Receivables Indemnity Amount**").

Where Purchased Receivables are determined to be in breach of the representation and warranties made by reason of an Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA 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 "**CCA Compensation Amount**").

Upon the occurrence of a final non-appealable judgment made in favour of a Customer who is a party to a group litigation against the Seller, by virtue of which such Customer has withheld payment of amounts due under their Underlying Agreement (or such amounts have otherwise been reduced), a Non-Permitted Variation shall be deemed to have occurred in relation to the relevant Purchased Receivable or its related contract, and the Seller shall be in breach of the Receivables Warranties. Upon the occurrence of such breach, the Seller shall be obliged to repurchase the relevant Purchased Receivable on or before the end of the Monthly Period immediately following the Monthly Period in which such deemed Non-Permitted Variation has occurred, for an amount equal to the Non-Compliant Receivable Repurchase Price.

If:

- (i) the Seller discovers that a Customer has withheld payment of any amount under the Underlying Agreement connected with a Service Pack Agreement, the Seller shall give a Set-Off Notice to, among others, the Issuer of such withheld amount(s); and
- (ii) in any relevant Set-Off Notice, the Seller specifies that it accepts the amount which the Customer withholds,

a Non-Permitted Variation shall be deemed to have occurred in relation to such Purchased Receivable and the Seller shall be in breach of the Receivables Warranties. Upon the occurrence of such breach, the Seller shall be obliged to repurchase the relevant Purchased Receivable, for an amount equal to the Non-Compliant Receivable Repurchase Price, on or before the end of the Monthly Period immediately following the Monthly Period in which such Non-Permitted Variation occurred.

Seller indemnification obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables.....

On and following the occurrence of a PCP/VT Indemnification Trigger, the Seller shall, on the Cut-Off Date immediately following the date on which the Servicer has determined in accordance with the Credit and Collection Policy that any Purchased Receivable has become a PCP Handback Receivable or, as the case may, a Voluntarily Terminated Receivable (in each case, an "**Indemnified Receivable**") (such Cut-Off Date, the "**PCP/VT Indemnification Date**"), indemnify the Issuer in respect of the amount by which the aggregate Recoveries received by the Servicer in respect of all Indemnified Receivables in such PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables by paying the Issuer an amount equal to the PCP/VT Indemnification Amount.

The Seller will only be obliged to indemnify the Issuer in respect of such Indemnified Receivable, where such Indemnified Receivable is not a Defaulted Receivable.

Receivables Call Option...

If the Servicer notifies the Issuer and the Trustee, or the Issuer notifies the Trustee, that a Purchased Receivable is an Indemnified Receivable, the Seller is entitled, subject to (a) the PCP/VT Indemnification Amount having been received by the Issuer from the Seller, and (b) such

Indemnified Receivable being written off in accordance with the Seller's Credit and Collection Policy, but prior to the occurrence of an Insolvency Event in respect of the Seller, to demand the repurchase of any Purchased Receivable, which has become an Indemnified Receivable. If the Seller exercises the Receivables Call Option in accordance with the Receivables Purchase Agreement, the Issuer shall be obliged to sell the relevant Indemnified Receivable to the Seller.

Clean-Up Call Option On any Payment Date on which: (a) the Aggregate Discounted Receivables Balance is less than 10% of the Aggregate Discounted Receivables Balance on the Cut-Off Date immediately preceding the Issue Date; or (b) if earlier, the Class A Notes have been redeemed in full, the Seller will (**provided that** on the relevant Payment Date no Enforcement Notice has been delivered by the Trustee to the Issuer) have the option under the Receivables Purchase Agreement to demand from the Issuer the resale of all outstanding Purchased Receivables (together with any Related Collateral) on the Clean-Up Call Settlement Date (the "**Clean-Up Call Option**") if the Clean-Up Call Conditions are satisfied.

"**Clean-Up Call Conditions**" means (a) the proceeds distributable as a result of the repurchase of all outstanding Purchased Receivables (together with any Related Collateral) (after the Seller has rightfully exercised the Clean-Up Call Option) shall, together with funds credited to the Cash Reserve Account, be at least equal to the sum of (x) the Aggregate Outstanding Note Balance and the aggregate outstanding principal amount of the Subordinated Loan plus (y) accrued but unpaid interest thereon plus (z) all claims of any creditors of the Issuer ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments; (b) the Seller will have notified the Issuer and the Trustee of its intention to exercise the Clean-Up Call Option at least ten (10) calendar days prior to the contemplated settlement date of the Clean-Up Call Option which will be a Payment Date (the "**Clean-Up Call Settlement Date**"); and (c) the repurchase price to be paid by the Seller shall be an amount equal to the higher of: (i) the Aggregate Discounted Receivables Balance of the Purchased Receivables and (ii) the Aggregate Outstanding Note Balance of the Notes and the aggregate outstanding principal amount of the Subordinated Loan plus (x) accrued but unpaid interest thereon plus (y) all claims of any creditors of the Issuer in respect of the Issuer ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments.

Available Distribution Amount means, with respect to any Cut-Off Date and the Monthly Period ending on such Cut-Off Date, the lower of (x) the funds available in the Issuer Accounts on the Payment Date immediately following such Cut-Off Date **provided that**, except to the extent set out under item (g) below, any balance credited to the Counterparty Downgrade Collateral Account will not form part of the Available Distribution Amount and (y) such amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Account Bank, the Corporate Services Provider, the Trustee, the Calculation Agent and the Paying Agent no later than on the Reporting Date preceding the Payment Date immediately following such Cut-Off Date, as the sum of:

- (a) the amount standing to the credit of the Cash Reserve Account as of such Cut-Off Date;
- (b) any Collections received by the Servicer during the Monthly Period ending on such Cut-Off Date;
- (c) any Non-Compliant Receivables Repurchase Price, CCA Compensation Payment, Receivables Indemnity Amount or PCP/VT Indemnification Amount received by the Issuer from

the Seller during the Monthly Period ending on such Cut-Off Date;

- (d) any Swap Net Cashflow payable by the Swap Counterparty to the Issuer on the Payment Date immediately following such Cut-Off Date;
- (e) interest earned (if any) on the amounts credited to the Operating Account, the Cash Reserve Account, the Replenishment Account, the Retained Profit Account and the Set-Off Reserve Account during the relevant Monthly Period;
- (f) upon the occurrence of a Set-Off Trigger Event and while such Set-Off Trigger Event is continuing, any amount withdrawn by the Issuer from the Set-Off Reserve Account, as is equal to the relevant Service Pack Set-Off Amount;
- (g) any balance credited to the Counterparty Downgrade Collateral Account, however, only to the extent that the balance comprises:
 - (a) the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account which are applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement;
 - and (b) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement;
- (h) any VAT Adjustment Amount determined by the Servicer in respect of the immediately preceding Monthly Period;
- (i) (without double-counting) any sum standing to the credit of the Replenishment Account;
- (j) upon the occurrence of a Servicer Termination Event and while such Servicer Termination Event is continuing, any sum standing to the credit of the Commingling Reserve Account, as is equal to any Servicer Shortfall caused on the part of BMW Financial Services (GB) Ltd. as Servicer; and
- (k) any other amounts (other than covered by items (a) through (j) above (if any)) paid to the Issuer by any other party to any Transaction Document (or transferred to the Operating Account from any of the other Issuer Accounts and that is expressed to be applied as Available Distribution Amount) up to (and including) the Payment Date immediately following such Cut-Off Date, unless otherwise specified, which according to such Transaction Document is to be allocated to the Available Distribution Amount.

Applicable Priority of Payments

The Issuer and, upon enforcement, the Trustee will make payments to the Noteholders and other parties on the basis of two different priorities of payments (each a "**Priority of Payments**"): (i) prior to the delivery of an Enforcement Notice by the Trustee to the Issuer, the Issuer will pay, *inter alia*, tax and administration expenses, Swap Net Cashflow payable to the Swap Counterparty and interest and principal on the Notes in accordance with the Pre-Enforcement Priority of Payments and (ii) subsequent to the delivery of an Enforcement Notice by the Trustee to the Issuer, the Trustee will, on behalf of the Issuer, make all distributions of Available

Post-Enforcement Funds (or procure that all such distributions be made) in accordance with the Post-Enforcement Priority of Payments.

Pre-Enforcement Priority of Payments

On each Payment Date prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Available Distribution Amount as of the Cut-Off Date immediately preceding such Payment Date shall be allocated in the following manner and priority:

- (a) *first*, amounts payable by the Issuer in respect of taxes under any applicable law (if any) other than corporation tax on amounts standing to the credit of the Retained Profit Account;
- (b) *second*, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Trustee (and any Appointee) under the Transaction Documents and to any Receiver appointed under the Deed of Charge;
- (c) *third*, on a *pari passu* basis, amounts payable by the Issuer to (i) the Data Trustee under the Data Trust Agreement, (ii) the Rating Agencies in respect of the monitoring fees, (iii) the Servicer under the Servicing Agreement, (iv) the Corporate Services Provider under the Corporate Services Agreement, (v) the Calculation Agent under the Calculation Agency Agreement and the Servicing Agreement, (vi) the Interest Determination Agent, the Registrar and the Paying Agent under the Agency Agreement, (vii) the Account Bank under the Bank Account Agreement, (viii) the Back-Up Servicer Facilitator under the Servicing Agreement, (ix) listing fees, costs and expenses, (x) auditor fees and (xi) any fees reasonably required (in the opinion of the Corporate Services Provider) and properly incurred for the filing of annual tax returns; and (xii) any other general costs and expenses of the Issuer;
- (d) *fourth*, to pay any Insolvency Official of the Seller the Administrator Incentive Recovery Fee;
- (e) *fifth*, to credit the Issuer Profit Amount on each Payment Date to the Retained Profit Account;
- (f) *sixth*, the sum of (i) the Swap Net Cashflow payable by the Issuer to the Swap Counterparty (if any) and (ii) any swap termination payments due to the Swap Counterparty under the Swap Agreement except in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty;
- (g) *seventh*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class A Noteholders;
- (h) *eighth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class B Noteholders;
- (i) *ninth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class C Noteholders;

- (j) *tenth*, to the Cash Reserve Account, until the amount credited to the Cash Reserve Account is equal to the Required Cash Reserve Amount;
- (k) *eleventh*, prior to the expiration of the Revolving Period, to pay (i) any Additional Portfolio Purchase Price and thereafter (ii) to credit any Excess Collection Amount to the Replenishment Account such that the balance standing to the credit thereof (when aggregated with any Additional Portfolio Purchase Price paid on such Payment Date) is equal to the Replenishment Available Amount;
- (l) *twelfth*, after the end of the Revolving Period, on a *pari passu* basis, to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;
- (m) *thirteenth*, after the end of the Revolving Period, on a *pari passu* basis, to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;
- (n) *fourteenth*, after the end of the Revolving Period, on a *pari passu* basis, to the Class C Noteholders in respect of principal until the Class C Notes are redeemed in full;
- (o) *fifteenth*, any amount due by the Issuer to the Swap Counterparty under the Swap Agreement upon the termination of the Swap Agreement in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty and any other amount payable to the Swap Counterparty under the Swap Agreement;
- (p) *sixteenth*, accrued and unpaid interest payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement;
- (q) *seventeenth*, as from the date on which all Notes have been redeemed in full, principal payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement until the Subordinated Loan has been redeemed in full; and
- (r) *eighteenth*, all remaining amounts to the Seller as Deferred Purchase Price,

provided that any payment to be made by the Issuer under item first (with respect to taxes) shall be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Operating Account and **provided further that** any swap collateral or any Replacement Swap Premium due to be transferred or paid by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) pursuant to the terms and conditions of the Swap Agreement shall be transferred or paid (as applicable) outside of such order of priority by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) if and to the extent that such Replacement Swap Premium has been received by the Issuer, and **provided further that** any Commingling Reserve Excess Amount, any Set-Off Reserve Excess Amount, any amounts to be paid to the Servicer in accordance with clause 15.5(k) of the Servicing Agreement and any interest to be paid to the Servicer in accordance with clause 15.5(l) of the Servicing

Agreement, shall be paid outside of such order of priority and directly to the Servicer pursuant to the terms of the Servicing Agreement.

**Post-Enforcement Priority
of Payments**

After the service of an Enforcement Notice by the Trustee to the Issuer, the Trustee shall distribute the Available Post-Enforcement Funds in the following manner and priority:

- (a) *first*, all fees (including legal fees), costs, expenses, other remuneration, indemnity payments and other amounts payable by the Issuer to the Trustee (and any Appointee) under the Transaction Documents and to any Receiver appointed under the Deed of Charge;
- (b) *second*, on a *pari passu* basis, amounts payable by the Issuer to (i) the Data Trustee under the Data Trust Agreement, (ii) the Rating Agencies in respect of the monitoring fees, (iii) the Servicer under the Servicing Agreement, (iv) the Corporate Services Provider under the Corporate Services Agreement, (v) the Calculation Agent under the Calculation Agency Agreement and the Servicing Agreement, (vi) the Interest Determination Agent, the Registrar and the Paying Agent under the Agency Agreement, (vii) the Account Bank under the Bank Account Agreement, (viii) the Back-Up Servicer Facilitator under the Servicing Agreement, (ix) listing fees, costs and expenses, (x) auditor fees; (xi) any fees reasonably required (in the opinion of the Corporate Services Provider) and properly incurred for the filing of annual tax returns; and (xii) any other general costs and expenses of the Issuer;
- (c) *third*, to pay to any Insolvency Official of the Seller the Administrator Incentive Recovery Fee;
- (d) *fourth*, to credit the Issuer Profit Amount on each Payment Date to the Retained Profit Account;
- (e) *fifth*, the sum of (i) the Swap Net Cashflow payable by the Issuer to the Swap Counterparty and (ii) any swap termination payments due to the Swap Counterparty under the Swap Agreement except in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty;
- (f) *sixth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class A Noteholders;
- (g) *seventh*, on a *pari passu* basis, any amount payable by the Issuer to the Class A Noteholders in respect of principal until the Class A Notes are redeemed in full;
- (h) *eighth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class B Noteholders;
- (i) *ninth*, on a *pari passu* basis, any amount payable by the Issuer to the Class B Noteholders in respect of principal until the Class B Notes are redeemed in full;

- (j) *tenth*, on a *pari passu* basis, accrued and unpaid interest (including any Interest Shortfall) payable by the Issuer to the Class C Noteholders;
- (k) *eleventh*, on a *pari passu* basis, any amount payable by the Issuer to the Class C Noteholders in respect of principal until the Class C Notes are redeemed in full;
- (l) *twelfth*, any amount due by the Issuer to the Swap Counterparty under the Swap Agreement upon the termination of the Swap Agreement in circumstances where the Swap Counterparty is the defaulting party (as defined in the Swap Agreement) or where there has been a termination of the Swap Agreement due to a termination event with the Swap Counterparty being the affected party (as defined in the Swap Agreement) due to a downgrade of the Swap Counterparty and any other amount payable to the Swap Counterparty under the Swap Agreement;
- (m) *thirteenth*, accrued and unpaid interest payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement;
- (n) *fourteenth*, as from the date on which all Notes have been redeemed in full, any amount payable by the Issuer to the Subordinated Lender in respect of principal under the Subordinated Loan Agreement;
- (o) *fifteenth*, *pari passu* and *pro rata* according to the respective amounts thereof in or towards payment to (i) HMRC of an amount equal to the Issuer's liability to account to HMRC for VAT or corporation tax; and (ii) any relevant authority for any other tax including financial transaction tax (which cannot be met out of amounts previously retained by the Issuer as profit under item (d) above);
- (p) *sixteenth*, any amount standing to the credit of the Commingling Reserve Account (not required to cover any Servicer Shortfall) to the Servicer; and
- (q) *seventeenth*, all remaining amounts to the Seller as Deferred Purchase Price,

provided that any swap collateral and any Replacement Swap Premium due to be transferred or paid by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) pursuant to the terms and conditions of the Swap Agreement shall be transferred or paid (as applicable) outside of such order of priority by the Issuer to the Swap Counterparty or the replacement swap counterparty (as applicable) if and to the extent that such Replacement Swap Premium has been received by the Issuer, and **provided further that** if, following the service of an Enforcement Notice, a Set-Off Reserve Excess Amount occurs, the amount standing to the credit of the Set-Off Reserve Account shall be reduced by an amount equal to such Set-Off Reserve Excess Amount, and the Trustee shall apply that Set-Off Reserve Excess Amount outside of the Post-Enforcement Priority of Payments in the manner provided for in the Receivables Purchase Agreement.

"**Available Post-Enforcement Funds**" means, from time to time, all moneys standing to the credit of the Issuer Accounts, including, without limitation, any enforcement proceeds in respect of the Security credited to the Issuer Accounts and/or to any account of the Trustee or Receiver appointed by the Trustee upon the service of an Enforcement Notice by the Trustee on the Issuer (but excluding, for the avoidance of doubt, any

Set-Off Reserve Excess Amount) **provided that**, in relation to the Counterparty Downgrade Collateral Account, Available Post-Enforcement Funds shall include (i) any balance credited to the Counterparty Downgrade Collateral Account to the extent that such balance comprises (a) the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account which have been applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement; and (b) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement, but (ii) shall exclude, for the avoidance of doubt, any amount credited to the Counterparty Downgrade Collateral Account which will be returned directly to the Swap Counterparty, including, without limitation, any accrued interest and any Replacement Swap Premium (only to the extent that it is applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty).

Amortisation The amortisation of the Notes starts on the first Payment Date following the termination of the Revolving Period. Unless an Enforcement Notice has been delivered by the Trustee to the Issuer on or before the relevant Payment Date following the termination of the Revolving Period, the Available Distribution Amount for that Payment Date will be applied to redeem the Class A Notes, the Class B Notes and the Class C Notes on a sequential basis subject to the Pre-Enforcement Priority of Payments so that the Available Distribution Amount will be applied to redeem principal first in respect of the Class A Notes, then in respect of the Class B Notes and then the Class C Notes as described further herein.

See "*CREDIT STRUCTURE AND FLOW OF FUNDS — Amortisation*".

Following the service of an Enforcement Notice, Available Post-Enforcement Funds will be applied for the redemption of the Notes on a sequential basis as set forth in and subject to the Post-Enforcement Priority of Payments.

Early Redemption The actual amortisation of the Notes may differ from the expected amortisation of the Notes, especially a faster amortisation may occur (but not only) if one of the following events occurs:

- (a) the occurrence of an Early Amortisation Event;
- (b) in the event of a breach of the Eligibility Criteria, the Seller is required to repurchase from the Issuer certain Receivables (at the then current Discounted Receivables Balances of the affected Purchased Receivables) which, when received by the Issuer, the Issuer has to use to redeem the Notes prematurely in accordance with and subject to the applicable amortisation method (see above "*Amortisation*"); and
- (c) if the Seller, **provided that** no Enforcement Notice has been delivered, rightfully exercised the Clean-Up Call Option. (See "*Clean-Up Call Option*" above and "*TERMS AND CONDITIONS OF THE NOTES — Condition 8.3 (Clean-Up Call)*" and "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement*").

Furthermore, the Issuer will in the circumstances described in Condition 8.4 (*Optional Redemption for Taxation Reasons*) be entitled to redeem the Notes, in whole but not in part, early for tax reasons. For the purposes of the Swap Agreement, any early redemption described in this paragraph

"*Early Redemption*" will constitute a (partial) no cost termination event with no termination payments being payable by either party.

- Final Redemption** On the Legal Final Maturity Date, the Issuer will, subject to the applicable Priority of Payments, redeem the then Aggregate Outstanding Note Balance and pay interest accrued thereon.
- Limited Recourse**..... The Notes will be limited recourse obligations of the Issuer. If in accordance with the applicable Priority of Payments available funds are not sufficient, after payment of all other claims ranking in priority to the relevant Notes, to cover all payments due in respect of such Notes, the available funds will be applied in accordance with the applicable Priority of Payments and no other assets of the Issuer will be available for payment of any shortfall. After the enforcement of all Security and the distribution of all Available Post-Enforcement Funds, claims in respect of any remaining shortfall will be extinguished in accordance with the Conditions. See "*TERMS AND CONDITIONS OF THE NOTES — Condition 12.4 (Limited Recourse)*".
- Subordinated Loan**..... The Subordinated Lender will grant the Subordinated Loan in a total amount of £7,200,000 to the Issuer under the Subordinated Loan Agreement entered into by, *inter alios*, the Issuer, the Subordinated Lender and the Trustee. The Issuer will use the Subordinated Loan to fund the initial Required Cash Reserve Amount of £7,200,000 on the Issue Date. The Subordinated Lender will undertake to grant and keep outstanding the Subordinated Loan and not to sell and/or transfer and/or hedge the Subordinated Loan (whether in full or in part) until the earlier of the redemption of the Notes in full and the Legal Final Maturity Date in order to comply with the UK Risk Retention Requirements. See "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes — Basel Capital Accord and regulatory capital requirements*".
- Credit Enhancement** The Notes have the benefit of credit enhancement provided primarily through (i) the Excess Spread, (ii) the subordination of the Class C Notes to the Class B Notes and the Class A Notes, (iii) the subordination of the Class B Notes to the Class A Notes and (iv) the subordination of the Subordinated Loan to the Class A Notes, the Class B Notes and the Class C Notes. See "*CREDIT STRUCTURE AND FLOW OF FUNDS — Credit Enhancement*".
- Issuer Accounts**..... For the purpose of this Transaction, the Issuer will be opening and maintaining each of the following accounts in the name of the Issuer: the Operating Account, the Cash Reserve Account, the Replenishment Account, the Retained Profit Account and to the extent required, the Commingling Reserve Account, the Counterparty Downgrade Collateral Account and the Set-Off Reserve Account. The Issuer will, during the life of the Transaction, maintain such Issuer Accounts with a bank or financial institution that is an Eligible Counterparty.
- Swap Collateral** In the event that the Swap Counterparty should post any collateral to the Issuer in connection with the Swap Agreement, the Issuer will hold such collateral in the Counterparty Downgrade Collateral Account opened with the Account Bank which will bear or be charged (as applicable) interest and which is a separate account from the other Issuer Accounts and from the general cash flow of the Issuer. Collateral deposited in the Counterparty Downgrade Collateral Account will not constitute Collections. The swap collateral will secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement and will not secure any obligations of the Issuer.

Purchased Receivables and Related Collateral .. The Purchased Receivables and the Related Collateral (as described below) will support, *inter alia*, the payments in respect of the Notes and the Subordinated Loan.

Purchased Receivables On the Issue Date, the Issuer will purchase (and on any Payment Date the Issuer may purchase), in each case from the Seller certain Receivables originated by the Seller against customers located in England and Wales and Scotland together with the Related Collateral pursuant to the Receivables Purchase Agreement. Each Purchased Receivable is owed by the respective Customer (together, the "**Customers**"). The Purchased Receivables are sterling denominated as set forth in the relevant Underlying Agreements. Certain Underlying Agreements are connected with a Service Pack Agreement, as described in "*CREDIT STRUCTURE AND FLOW OF FUNDS*". Collections in respect of each Purchased Receivable will be payable on a monthly instalment basis. If a Purchased Receivable should partially or totally fail to comply on the Cut-Off Date immediately preceding the Issue Date or, as the case may be, the relevant Payment Date with any Eligibility Criterion, the Seller will be obliged to repurchase such Purchased Receivable in respect thereof. See "*Repurchase of the Receivables and Related Collateral*" above.

Pursuant to the Servicing Agreement, the Servicer will be authorised to modify the terms of an Underlying Agreement underlying the relevant Purchased Receivable only in accordance with the Credit and Collection Policy (applicable on the date of such modification).

Related Collateral..... 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 right to receive the Vehicle Sales Proceeds;
- (e) 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, other than title to the Financed Vehicle (including (i) amounts (if any) received by the Seller arising from claims by a Customer against the relevant insurer under any Insurance Agreement entered into by the Customer in connection with the relevant specified Financed Vehicles or the financing of their acquisition by the relevant Customer and (ii) any claims against a Dealer in respect of a Financed Vehicle),

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.

Pursuant to the Receivables Purchase Agreement, the Seller is obligated to promptly (in each case after the relevant Financed Vehicle is in its possession or control) sell any Financed Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Underlying Agreement and/or Credit and Collection Policy. The Issuer will be entitled to receive all Recoveries which relate to any Defaulted Receivable, Voluntarily Terminated Receivable or PCP Handback Receivable (including, but not limited to, the sales proceeds in respect of any Financed Vehicle).

Servicing Agreement

Under the Servicing Agreement, the Servicer has agreed (i) to administer the Purchased Receivables and the Related Collateral and in particular to collect the Purchased Receivables in accordance with the Credit and Collection Policy, (ii) to enforce the Related Collateral in accordance with the Credit and Collection Policy, (iii) to release, on behalf of the Issuer, Related Collateral in accordance with the Credit and Collection Policy (as further described in "*Related Collateral*" above), and (iv) to perform other tasks incidental to the above.

Pursuant to the Servicing Agreement, the Servicer will be obligated to enforce the Issuer's right, title and interest in, to and under the Related Collateral in accordance with the Credit and Collection Policy and apply the enforcement proceeds to the relevant Purchased Receivables and insofar as such enforcement proceeds are applied to Purchased Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Account.

Pursuant to the Servicing Agreement, the Servicer shall transfer (or procure the transfer of) all Collections to the Operating Account no later than 11:00 a.m. CET on the Payment Date relating to the relevant Monthly Period and prior thereto the Servicer may (at its discretion) transfer such Collections to an account of the BMW Group. To the extent any amounts are then due and payable to the Seller by the Issuer on such transfer date, the Servicer is entitled to transfer the net amount to the Operating Account.

Pursuant to the terms of the Servicing Agreement, Wilmington Trust SP Services (London) Limited has agreed that, upon the occurrence of a Servicer Termination Event, it will facilitate the appointment of a suitable entity with all necessary facilities available to act as successor servicer and will use reasonable efforts to ensure that such entity enters into a successor servicing agreement, the terms of which are similar to the terms of the Servicing Agreement, with the parties to the Servicing Agreement upon receipt of notice by the Servicer of the occurrence of a Servicer Termination Event.

Pursuant to the provisions of the Servicing Agreement, if a Perfection Event occurs, the Servicer will promptly, upon request by the Issuer and the Trustee, procure (on behalf of the Issuer) that any notices which the Issuer or the Trustee may require the Seller to give to the Customers pursuant to Receivables Purchase Agreement are so given by the Servicer on the Issuer's behalf, **provided that**, in accordance with the terms of the Data Trust Agreement, the Data Trustee will, at the request of the Issuer, the Servicer or the Trustee, have to despatch the Portfolio Decryption Key to the Trustee or any successor Servicer (succeeding in the event of termination of the appointment of the existing Servicer). The Data Trustee will, pursuant to the Data Trust Agreement, fully co-operate with the Issuer and the Trustee and any of the Issuer's and the Trustee's agents and will in particular use its best endeavours to ensure that the Portfolio Decryption Key is duly and swiftly delivered to the successor Servicer or its agent. See "*OUTLINE OF THE PRINCIPAL TRANSACTION*"

DOCUMENTS — Servicing Agreement" and "OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement".

Data Trust Agreement Pursuant to the terms of the Data Trust Agreement, the Seller and/or the Servicer will deliver to the Data Trustee the Portfolio Decryption Key relating to the encrypted Portfolio Information received by the Issuer from the Seller and/or Servicer under the Receivables Purchase Agreement and/or Servicing Agreement, respectively. Pursuant to the Data Trust Agreement, the Data Trustee will keep the Portfolio Decryption Key in safe custody and will protect it against unauthorised access by third parties. It will only be obliged to release the Portfolio Decryption Key under certain conditions in order to permit the timely collection, enforcement or realisation of the Purchased Receivables and Related Collateral. See *"OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement"*.

Taxation All payments of principal and interest on the Notes will be made free and clear of, and without any withholding or deduction for, or on account of, tax (including, for the avoidance of doubt, in respect of FATCA) (if any) applicable to the Notes under any applicable jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, neither the Issuer nor any other person will be obliged to pay any additional or further amounts as a result thereof. See *"TAXATION"*.

Security..... The Security will comprise, *inter alia*, the Purchased Receivables, the Related Collateral, the Issuer's claims against the Swap Counterparty under the Swap Agreement, any claims the Issuer might have against the Seller under the Receivables Purchase Agreement and against other parties under certain other Transaction Documents and the Issuer's interests in each of the Issuer Accounts. The Security with respect to the Issuer's claims has been created in favour of the Trustee under the Deed of Charge. The Trustee will hold the Security created under the Deed of Charge for itself and for the Noteholders and the other Secured Parties as beneficiaries.

Funding of the Issuer The Issuer will fund the purchase of the Purchased Receivables and Related Collateral in the Initial Portfolio from the Seller by utilising the net proceeds of the issue of the Notes for the payment of the Initial Portfolio Purchase Price (£549,400,000). The Issuer will fund the purchase of the Purchased Receivables and Related Collateral in any Additional Portfolio from the Seller from the Available Distribution Amount available on the relevant Payment Date. To fund the Cash Reserve Account with the Required Cash Reserve Amount, the Issuer will obtain funding under the Subordinated Loan from the Subordinated Lender.

Cash Reserve Account On the Issue Date, the Issuer will credit an amount of £7,200,000 into the Cash Reserve Account which will be held and maintained by the Account Bank. The balance credited to the Cash Reserve Account will, as part of the Available Distribution Amount, provide limited protection against shortfalls in the amounts required to pay the Interest Amount, the Principal Amount (but only if, following the end of the Revolving Period, the Available Distribution Amount suffices to reduce the Class B Outstanding Note Balance to zero on any date or, if earlier, on the Legal Final Maturity Date) and other payment obligations of the Issuer under the Notes in accordance with the applicable Priority of Payments. See *"CREDIT STRUCTURE AND FLOW OF FUNDS — Subordinated Loan and Cash Reserve Account"*.

Prior to the service of an Enforcement Notice, on each Payment Date, the Cash Reserve Account will be replenished up to the Required Cash

Reserve Amount in accordance with item *ten* of the Pre-Enforcement Priority of Payments.

Required Cash Reserve Amount

The Required Cash Reserve Amount will either be (i) on any date other than the date falling within (ii), an amount equal to £7,200,000; or (ii) upon the occurrence of either (a) the Legal Final Maturity Date or (b) the date on which the Available Distribution Amount is sufficient to reduce the Class B Outstanding Note Balance to zero, whichever occurs earlier, zero.

Commingling Reserve

Upon the occurrence of a Commingling Reserve Trigger Event and for so long as such event continues, the Servicer will, within sixty (60) calendar days of such occurrence (the "**Performance Period**"), notify the Issuer in writing that it will elect either (i) with effect from the date of such notice, to transfer any Collections to the Operating Account no later than (2) Business Days after the date of receipt of such Collections; or (ii) to advance to the Issuer (no later than the last day of such Performance Period) such amount or amounts as (taking into account any previous advance which has been made for such purpose, except to the extent that such amount has been repaid or withdrawn in accordance with the terms of the Servicing Agreement) to ensure that the amount standing to the credit of the Commingling Reserve Account is equal to the Commingling Reserve Required Amount from time to time.

If the Issuer receives notice from the Servicer specifying that the Servicer has elected to advance any amount to the Issuer pursuant to (ii) above and the Commingling Reserve Account has not been opened at the time such notice was given, then the Issuer shall open the Commingling Reserve Account with the Account Bank in accordance with the terms of the Account Bank Agreement and prior to the expiration of the Performance Period and shall notify the details of such Commingling Reserve Account to the Servicer and the Trustee as soon as such account is opened.

The "**Commingling Reserve Required Amount**" shall be equal to: (i) if no Commingling Reserve Trigger Event has occurred and is continuing or if and for as long as the Servicer has selected the option set out in clause 15.5(b)(i) of the Servicing Agreement, zero, and (ii) on the occurrence of a Commingling Reserve Trigger Event and while such Commingling Reserve Trigger Event is continuing and if and so long as the Servicer has elected to fund the Commingling Reserve Account in accordance with Clause 15.5(b)(ii) or (c) of the Servicing Agreement, an amount equal to the sum of (a) the Collections expected to be received (as calculated by the Servicer and for the avoidance of doubt based on the scheduled Instalments under the relevant Underlying Agreements) during the Monthly Period to which the relevant Payment Date relates and the immediately following Monthly Period and (b) the product of the Aggregate Discounted Receivables Balance on the Cut-Off Date immediately preceding the relevant Payment Date multiplied by 3.3%, reduced by the Commingling Reserve Reduction Amount **provided that** such amount shall at all times be a positive amount or otherwise zero, and **provided that**, after the occurrence of a Servicer Termination Event, such amount shall equal zero on the date on which the Issuer has determined that no Servicer Shortfall exists and no further Servicer Shortfalls are expected.

For so long as such Commingling Reserve Trigger Event prevails, the Servicer shall have the right to switch between the above options by written notice to the Issuer. See "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement — Commingling Reserve Account*".

Set-Off Reserve..... Upon the occurrence of a Set-Off Reserve Trigger Event, the Seller shall, within the Performance Period commencing on such occurrence, advance to the Issuer an amount equal to the Set-Off Reserve Required Amount (as determined by the Servicer and notified to the Issuer and the Seller in writing), by depositing such amount to the Set-Off Reserve Account (the "**Set-Off Reserve Loan**"). The Set-Off Reserve Loan shall bear no interest and, for the avoidance of doubt, shall not be funded from any Collections.

If the Issuer receives notice from the Seller that a Set-Off Reserve Trigger Event has occurred and the Set-Off Reserve Account has not been opened at the time such notice is given, then the Issuer shall open the Set-Off Reserve Account with the Account Bank in accordance with the terms of the Account Bank Agreement and prior to the expiration of the Performance Period and shall notify the details of such Set-Off Reserve Account to the Seller and the Trustee as soon as such account is opened.

On each Cut-Off Date, the Servicer shall determine the amount equal to the maximum aggregate value of the Service Pack Set-Off Amounts comprised in the Purchased Receivables for the immediately following Monthly Period, provided that such amount shall at all times be a positive amount (the "**Set-Off Reserve Required Amount**"). If, following such determination (i) there is a Set-Off Reserve Excess Amount, the Issuer shall, outside of the applicable Priority of Payments, promptly pay to the Seller an amount equal to the relevant Set-Off Reserve Excess Amount from the Set-Off Reserve Account and the Set-Off Reserve Loan shall be reduced by such Set-Off Reserve Excess Amount; or (ii) there is a Set-Off Reserve Shortfall Amount, the Seller shall promptly deposit to the Set-Off Reserve Account an amount equal to such Set-Off Reserve Shortfall Amount and the Set-Off Reserve Loan shall be increased by Set-Off Reserve Shortfall Amount.

If the Seller does not comply with its obligation to repurchase the relevant Purchased Receivable if a Non-Permitted Variation relating to a breach of the Set-Off Notice is deemed to have occurred, the Issuer or, following the service of the Enforcement Notice, the Trustee shall be entitled to withdraw an amount corresponding to the relevant Service Pack Set-Off Amount from the Set-Off Reserve Account, and to apply such amount as Available Distribution Amount (or, as the case may be, as part of the Available Post-Enforcement Funds). Upon the Issuer or, following the service of the Enforcement Notice, the Trustee, making such withdrawal, the Set-Off Reserve Required Amount shall be reduced by an amount corresponding to the amount so withdrawn.

Upon the occurrence of a Set-Off Reserve Return Event, the Issuer shall promptly pay all amounts standing to the credit of the Set-Off Reserve Account to the Seller and the obligations of the Issuer to repay the Set-Off Reserve Loan shall be discharged.

Swap Agreement..... As the Purchased Receivables carry interest at a fixed rate, but the Class A Notes will bear interest at a floating rate calculated by reference to SONIA, the Issuer will effect on each Payment Date an exchange of the swap fixed interest rate for Compounded Daily SONIA on the Swap Notional Amount. To this end, the Issuer will enter into a Swap Agreement with the Swap Counterparty (the "**Swap Agreement**"). The notional amount of the swap on any date will be equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date. On each Payment Date, the Issuer pays to or receives, as applicable, from the Swap Counterparty the net swap amount being the difference between the Swap Fixed Interest Rate and Compounded Daily SONIA calculated on the Swap Notional Amount.

The Swap Agreement will terminate on the Swap Termination Date (unless terminated previously by reason of the occurrence of an event of default or termination event). If the Swap Counterparty ceases to be an Eligible Swap Counterparty, the Swap Counterparty will (A) post eligible collateral in accordance with the terms of the Swap Agreement (if applicable), and (B) where required by the Swap Agreement as a result of such downgrade, use commercially reasonable endeavours, within the time period specified in the Swap Agreement and at its own cost, to (i) transfer all the Swap Counterparty's rights and obligations under the Swap Agreement to another Eligible Swap Counterparty in accordance with the terms of the Swap Agreement; (ii) procure another person that has the required ratings to irrevocably and unconditionally guarantee the obligations of the Swap Counterparty under the Swap Agreement; or (iii) take other remedial action in accordance with the terms of the Swap Agreement, **provided that**, if the Swap Counterparty fails to do so, the Issuer will be entitled to terminate the Swap Agreement. See "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement*".

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| Corporate Services Agreement | Pursuant to the Corporate Services Agreement, the Corporate Services Provider will perform certain corporate and administrative services to the Issuer. |
| Transaction Documents ... | The Notes, the Agency Agreement, the Trust Deed, the Bank Account Agreement, the Calculation Agency Agreement, the Receivables Purchase Agreement, the Servicing Agreement, the Data Trust Agreement, the Subordinated Loan Agreement, the Deed of Charge, the Swap Agreement, the Corporate Services Agreement, each Collection Account Declaration of Trust, each Supplemental Collection Account Declaration of Trust, the Seller Power of Attorney, each Scottish Declaration of Trust, each Scottish Supplemental Charge and the Scottish Vehicle Sales Proceeds Floating Charge collectively, including any amendment agreement, termination agreement or replacement agreement relating to any such agreement. |
| Law governing the Transaction Documents | The Transaction Documents and the Notes (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law or, in the case of certain security and sale provisions, Scots law. |
| Tax Status of the Notes | See " <i>TAXATION</i> ". |
| Selling Restrictions | See " <i>SUBSCRIPTION AND SALE — Selling Restrictions</i> ". |
| Listing and Admission to Trading | Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit them to trading on the regulated market of the Luxembourg Stock Exchange. The costs relating to the admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange are to be paid by the Issuer. |
| Transaction Costs and Expenses | The costs relating to the issue of the Notes, including, without limitation, transaction structuring fees, costs and expenses payable on the Issue Date to the Joint Lead Managers and to other parties in connection with the offer and sale of the Notes and certain other costs, are paid by the Seller to the respective recipients. |
| ICSDs | Euroclear Bank SA / NV of 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Banking, S.A. of 42 Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg (see " <i>GENERAL INFORMATION — ICSDs</i> "). |

Ratings..... Class A: AAA(sf) by Fitch and Aaa(sf) by Moody's. Class B: A(sf) by Fitch and A1(sf) by Moody's. For the Class C Notes no rating will be solicited.

Both Fitch and Moody's are established in the United Kingdom and Fitch and Moody's have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013 as it forms part of domestic law in the United Kingdom by virtue of the EUWA. Reference is made to the list of registered or certified credit rating published by the FCA on its website under www.fca.org.uk.

The ratings assigned to the Rated Notes by Fitch will be endorsed by Fitch Ratings Ireland which is established in the European Union and registered under the EU CRA Regulation. The ratings assigned to the Rated Notes by Moody's will be endorsed by Moody's Deutschland GmbH which is established in the European Union and registered under the EU CRA Regulation.

Risk Factors Prospective investors in the Notes should consider, among other things, certain risk factors in connection with the purchase of the Notes. Such risk factors may influence the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes. The risks in connection with the investment in the Notes include, *inter alia*, risks relating to the assets and the Transaction Documents, risks relating to the Notes and risks relating to the Issuer. These risk factors represent a list of risks which are specific to the situation of the Issuer and/or the Notes and which are material for taking investment decisions by the potential Noteholders. Although the Issuer believes that the various structural elements described in this Offering Circular mitigate some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all. See "*RISK FACTORS*".

Simple, Transparent and Standardised Securitisation The Seller, as originator, may procure a notification to be submitted to the FCA in accordance with Article 27 of the UK Securitisation Regulation, and the FCA, that the requirements of Articles 19 to 22 of the UK Securitisation Regulation have been satisfied with respect to the Notes.

In relation to such notification, the Seller has been designated as the first contact point for investors and competent authorities. The Seller, as originator, will also take responsibility for compliance with Article 7 of the UK Securitisation Regulation in accordance with Article 22(5) of the UK Securitisation Regulation.

Retention Undertaking The Seller, as "originator" for the purposes of the UK Securitisation Regulation, will retain for the life of the transaction a material net economic interest of not less than 5% in the transaction in accordance with (a) Article 6(1) of the UK Securitisation Regulation, (as interpreted and applied on the date hereof) (the "**UK Risk Retention Requirements**") and (b) Article 6(1) of the EU Securitisation Regulation (as in force on the Issue Date) (the "**EU Risk Retention Requirements**") only until such time that the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the UK Risk Retention Requirement will also satisfy the EU Risk Retention Requirement due to the application of an equivalency regime or similar analogous concept and to the extent that, after the Issue Date, there is any divergence between the UK Risk Retention Requirements and the EU Risk Retention Requirements, the Seller shall only continue

to comply with the EU Risk Retention Requirements (as if such provisions were applicable to it) on a reasonable efforts basis. On the Issue Date, such interest will, in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation (as in force on the Issue Date), be comprised of (i) an investment in the Class C Notes and (ii) a loan advance in the principal amount of the Subordinated Loan, the sum of which is no less than 5% of the nominal amount of the securitised exposures. Any change in the manner in which the interest is held will be notified to the Noteholders. See the section entitled "*CERTAIN REGULATORY DISCLOSURES — UK Securitisation Regulation and EU Securitisation Regulation*" for more information. It is the Seller's intention that on and from the Issue Date and for the life of the Transaction (a) the Class C Notes will be retained by the Seller and (b) the Subordinated Loan will remain outstanding, in each case until the earlier of the redemption of the Class A Notes and Class B Notes in full and the Legal Final Maturity Date, subject always to any requirement of law applicable to the Seller.

Transparency and Disclosure Requirements

The Issuer (as the SSPE (as defined in the UK Securitisation Regulation and the EU Securitisation Regulation)) has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as in force on the Issue Date). The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date).

After the Issue Date, the Servicer will prepare (on behalf of the Issuer) the UK SR Investor Reports and EU SR Investor Reports wherein relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller for the purposes of which the Subordinated Lender will provide the Issuer and the Servicer with all information reasonably required with a view to the Issuer complying with Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date). The Servicer shall publish each UK SR Investor Report to the UK SR Repository and each EU SR Investor Report to the EU SR Repository.

In addition the Servicer will prepare (on behalf of the Issuer) the Monthly Investor Reports which shall include certain relevant performance information and shall procure that the Calculation Agent shall, on behalf of the Issuer, make available electronically through its website at <https://investorreporting.gbm.hsbc.com>, each final Monthly Investor Report to the Trustee, the Principal Paying Agent, the Interest Determination Agent, the Subordinated Lender, the Servicer (and the Seller, if different), the Issuer and, if required, the Rating Agencies (the "**Required Recipients**"). The Calculation Agent shall procure that the Required Recipients shall receive an email alerting them to the presence of each Monthly Investor Report being made available, when it is made available, subject to the Required Recipients registering and remaining registered on <http://investorreporting.gbm.hsbc> and opting to receive such emails.

U.S. Risk Retention Requirements

The transaction described in this Offering Circular is not intended to involve the retention by a sponsor of at least 5% of the credit risk of the securitised assets for purposes of compliance with Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the US Securities Exchange Act of 1934, as amended (the "**US Risk Retention Rules**"), but rather intends to rely on an exemption provided for in Section 20 of the US Risk Retention Rules regarding non-U.S transactions. As a result, the issuance of the Notes has not been

designed to comply with the US Risk Retention Rules other than the exemption under Section 20 of the US Risk Retention Rules and no steps have been taken by the Issuer, the Seller, the Arranger, the Lead Managers or any of their respective Affiliates or any other party to accomplish such compliance. There can be no assurance that the exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions will be available. See the section entitled "*RISK FACTORS — VII. Legal, macro-economic and regulatory risks relating to the Notes — US Risk Retention*" for more information.

Benchmarks Amounts payable on the Class A Notes will be calculated by reference to 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 the UK Benchmark Regulation and Article 36 of the EU Benchmark Regulation. The transitional provisions in Article 51 of the UK Benchmark Regulation and Article 51 of the EU Benchmark Regulation apply, such that the Bank of England is not currently required to obtain authorisation/registration (or, recognition, endorsement or equivalence).

Significant investor On the Issue Date, BMW FS will hold all of the Class B Notes and the Class C Notes. As a result, BMW FS, as at the Issue Date, will be able to pass or block Noteholder resolutions in respect of such Classes.

CREDIT STRUCTURE AND FLOW OF FUNDS

Instalments of the Purchased Receivables

The Receivables arise under fixed interest rate (personal contract plan) hire-purchase agreements under which the Customer has the right to purchase the Financed Vehicle on making all payments under the Underlying Agreements. The Customer also has the option of returning the Financed Vehicle to the Seller instead of making the final payment. Legal title in the Financed Vehicle is retained by the Seller until all the instalments have been made. All of the Underlying Agreements provide for level monthly payments (**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) of instalments that amortise the amount financed over the term (subject to any readjustment to monthly payments in connection with any partial settlement by a Customer pursuant to the CCA). The Underlying Agreements amortise the amount financed over a series of Instalments. Each Instalment payment generally consists of an interest portion and a principal portion.

Certain Underlying Agreements are connected to a Service Pack Agreement. Under these arrangements, Customers are given access to a network of authorised BMW dealers to service the Financed Vehicle. Service Pack Agreements usually cover servicing for at least the first four years from the Financed Vehicle's registration date. All work is carried out by a trained BMW technician using genuine BMW parts, most of which come with a two year warranty.

If the Customer pays an instalment payment after its scheduled due date, BMW FS may charge the Customer late payment interest on the overdue sum at the APR specified in the relevant agreement, from the date payment falls due until the date the payment is recovered in full. The Customer may early settle the Underlying Agreement in whole or in part, in accordance with the formula for full and partial early settlements contained under the CCA.

The Purchased Receivables will include any and all claims and rights of the Seller against the Customer under or in connection with relevant Underlying Agreements (including, for the avoidance of doubt, all Instalments 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 such Underlying Agreement) and any Related Collateral). See "*PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA*".

Collection arrangements

Payments by the Customers of Instalments are scheduled to become due and payable on a monthly basis. In respect of the Underlying Agreements, the Customer has the option either to (i) make a final balloon payment to acquire the legal title of the Financed Vehicle or (ii) exercise its contractual right to return the Financed Vehicle financed under such Underlying Agreement in lieu of making such final balloon payment. The instalment plan sets out the amount of each Instalment as well as the total number of Instalments, including, the amount and timing of the final balloon payment. The first Instalment becomes payable on the date specified in the instalment plan. Any of the subsequent monthly Instalments become payable in the relevant month on the same calendar day as the first Instalment. Prior to a Servicer Termination Event, all Collections received from the Customers in a Monthly Period will be paid by the Servicer to the Operating Account maintained by the Issuer with the Account Bank no later than on the Payment Date relating to the relevant Monthly Period, see "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement*".

To mitigate risk in PCP agreements, the balloon payment is usually set below the predicted future value in respect of the relevant vehicle based on contractual mileage assumptions, vehicle age and equipment. If a vehicle is handed back, BMW FS will pursue the customer for fair wear and tear and/or excess mileage. BMW FS monitors the residual value exposure on a monthly basis and monitors the future CAP valuation in respect of the relevant vehicle in its monthly risk reporting and risk committee reporting.

The Servicer will credit the relevant amounts received from the Customer to the Operating Account in accordance with the terms of the Servicing Agreement

Insurance arrangements

Each PCP agreement requires the Customer to take out and maintain comprehensive vehicle insurance and to notify the relevant insurer of BMW FS' interest in the policy.

Available Distribution Amount

The Available Distribution Amount will be calculated by the Servicer as at each Cut-Off Date with respect to the Monthly Period ending on such Cut-Off Date for the purposes of determining the amounts payable in accordance with the Pre-Enforcement Priority of Payments on the immediately following Payment Date. For the definition of the Available Distribution Amount, see "*MASTER DEFINITIONS SCHEDULE — Available Distribution Amount*".

Any amount credited to the Commingling Reserve Account will constitute part of the Available Distribution Amount upon the occurrence and continuance of a Servicer Termination Event if and only to the extent that the Servicer has, on the relevant Payment Date, failed to transfer to the Issuer any Collections received by the Servicer during, or with respect to the Monthly Period ending on such Cut-Off Date or any previous Monthly Periods, and only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer (but excluding any fees and other amounts due to the Servicer under item *third* of the Pre-Enforcement Priority of Payments so long as no substitute Servicer is appointed in accordance with the Servicing Agreement).

Bank accounts used for the Transaction

No later than on the Issue Date, the Issuer will have established the Operating Account, the Cash Reserve Account, the Replenishment Account and the Retained Profit Account with the Account Bank which must be an Eligible Counterparty.

The Required Cash Reserve Amount on the Issue Date will be £7,200,000. Such amount will be funded by the Subordinated Loan under the Subordinated Loan Agreement and credited to the Cash Reserve Account. Prior to the service of an Enforcement Notice, the Cash Reserve Account will be replenished up to the Required Cash Reserve Amount in accordance with item *tenth* of the relevant Pre-Enforcement Priority of Payments. During the life of the Transaction, the amount standing to the credit of the Cash Reserve Account will, as part of the Available Distribution Amount, be used to cover any shortfalls in the amounts payable (i) under items *first* to *ninth* or (ii) upon the earlier of (a) the Legal Final Maturity Date and (b) the date on which the Available Distribution Amount suffices to reduce the Class B Outstanding Note Balance to zero, under items *first* to *seventeenth*, in each case in accordance with the Pre-Enforcement Priority of Payments. After delivery of an Enforcement Notice, the amount standing to the credit of the Cash Reserve Account will, together with all other Available Post-Enforcement Funds, be available to make payments in accordance with the Post-Enforcement Priority of Payments.

To the extent that no obligations of the Issuer are due and payable, the Issuer is authorised and may invest the amount credited to the Issuer Accounts (other than the Commingling Reserve Account, the Counterparty Downgrade Collateral Account and the Set-Off Reserve Account) in Permitted Investments. The Account Bank has, pursuant to the terms of the Bank Account Agreement and upon receipt of a respective instruction from the Issuer, agreed to arrange for such Permitted Investments to be made on behalf of the Issuer.

If at any time the Account Bank ceases to be an Eligible Counterparty, it shall at its own cost (subject to a cap) and within sixty (60) calendar days after ceasing to be an Eligible Counterparty (i) replace itself with a bank which is an Eligible Counterparty, or (ii) find an irrevocable and unconditional guarantor with (x) a short-term, deposit rating of at least F1 (or its replacement) by Fitch (or, if it does not have a short-term deposit rating assigned by Fitch, a short-term credit rating of at least F1 (or its replacement) by Fitch) or a long-term deposit rating of at least A (or its replacement) by Fitch (or, if it does not have a long-term deposit rating assigned by Fitch, a long-term unsecured, unsubordinated and unguaranteed debt obligations rating at least A(sf) (or its replacement) by Fitch), (y) a short-term deposit rating (or, if it does not have a short-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated short-term debt obligations rating) of at least P-1 (or its replacement) by Moody's or a long-term deposit rating (or, if it does not have a long-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating) of at least A2(sf) (or its replacement) by Moody's or, in each case such other rating as is otherwise acceptable to the relevant Rating Agency from time to time as would maintain the then current rating of the Rated Notes rated by it, or (iii) take any other action in order to maintain the rating of the Rated Notes or to restore the rating of the Rated Notes. In each case of (i) or (ii) above, the Account Bank will continue to provide services under the Bank Account Agreement in any case until and unless an Eligible Counterparty as successor Account Bank is validly appointed. In addition, the outgoing Account Bank shall reimburse (on a *pro rata* basis) to the Issuer any up-front fees paid by the Issuer for periods after the date on which the substitution of the Account Bank is taking effect.

Pre-Enforcement Priority of Payments

On each Payment Date, the Available Distribution Amount will be available for payments to the Noteholders in accordance with, and subject to, the Pre-Enforcement Priority of Payments. The cash flow pursuant to the Pre-Enforcement Priority of Payments will vary during the life of the Transaction as a result of, *inter alia*, possible variations in the amount of Collections received by the Issuer during the Monthly Period immediately preceding the relevant Payment Date, the amount standing to the credit of the Cash Reserve Account for that Monthly Period, the Swap Net Cashflow paid by or to the Swap Counterparty and certain costs and expenses of the Issuer. The amount of Collections received by the Issuer with respect to the Purchased Receivables will vary during the life of the Notes as a result of the amount of delinquencies, defaults, terminations and prepayments in respect of the Purchased Receivables. The effect of such variations could lead to drawings from and replenishment of the Cash Reserve Account.

Interest rate hedging

The Purchased Receivables are purchased at their Aggregate Discounted Receivables Balance and the instalments payable under or in respect of the Underlying Agreements will be calculated by reference to a fixed rate of interest. The interest payable by the Issuer with respect to the Class A Notes is calculated as the sum of Compounded Daily SONIA and the margin as set out in Condition 6.4 (*Interest Rate*). To ensure that the Issuer will not be exposed to fixed-to-floating interest rate risk with respect to the Class A Notes, the Issuer and the Swap Counterparty will enter into the Swap Agreement under which the Issuer will owe payments by reference to a fixed rate and the Swap Counterparty will owe payments by reference to Compounded Daily SONIA, in each case calculated with respect to the Swap Notional Amount.

Under the Swap Agreement, on each Payment Date, the Issuer will pay the Swap Counterparty a fixed rate applied to the Swap Notional Amount and the relevant day count fraction, and the Swap Counterparty will pay a floating rate equal to Compounded Daily SONIA as determined by the ISDA Calculation Agent applied to the same Swap Notional Amount which is equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date and the relevant day count fraction. Payments under the Swap Agreement will be made on a net basis. See "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement*".

Pursuant to the Swap Agreement, if the Swap Counterparty ceases to be an Eligible Swap Counterparty, then the Swap Counterparty will be obliged to mitigate the resulting credit risk, unless this would not result in the then current rating of the Class A Notes being downgraded, for the Noteholders by, *inter alia*, posting eligible collateral (if required pursuant to the terms of the Swap Agreement), transferring all its rights and obligations to a replacement third party that is an Eligible Swap Counterparty, procuring another person that has the required ratings to irrevocably and unconditionally guarantee the obligations of the Swap Counterparty under the Swap Agreement or taking other agreed remedial action (which may include no action). See "*OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS — Swap Agreement*" and "*THE SWAP COUNTERPARTY*".

Credit Enhancement

The Notes have the benefit of credit enhancement provided primarily through (i) the Excess Spread, (ii) the subordination of the Class C Notes to the Class B Notes and Class A Notes, (iii) the subordination of the Class B Notes to the Class A Notes and (iv) the subordination of the Subordinated Loan to the Class A Notes, the Class B Notes and the Class C Notes. The "**Excess Spread**" with respect to any Payment Date will constitute the amount equal to the difference between the interest portion forming part of the Instalments payable during the Monthly Period immediately preceding a Payment Date and the sum of the amounts required to be paid under items *first* to *ninth* of the relevant Pre-Enforcement Priority of Payments and *first* to *tenth* of the Post-Enforcement Priority of Payments, respectively, on such Payment Date and will provide the first loss protection to the Notes.

Subordinated Loan and Cash Reserve Account

On the Issue Date, the Subordinated Lender will make the Subordinated Loan available to the Issuer in the principal amount of £7,200,000. The Issuer will use the Subordinated Loan to fund the initial Required Cash Reserve Amount of £7,200,000 which will, on the Issue Date, be paid into the Cash Reserve Account by the Issuer. The payment obligations of the Issuer under the Subordinated Loan are subordinated to the payment obligations of the Issuer under the Notes. The Subordinated Loan will amortise in accordance with the applicable Priority of Payments.

The amount standing to the credit of the Cash Reserve Account, as part of the Available Distribution Amount, will be available to satisfy, on the Cut-Off Date immediately preceding any Payment Date, all claims (i) under items *first* to *ninth* of the relevant Pre-Enforcement Priority of Payments, or (ii) upon the earlier of (a) the Legal Final Maturity Date and (b) the date on which the Available Distribution Amount suffices to reduce the Class B Outstanding Note Balance to zero, under items *first* to *seventeenth*, in each case, in accordance with the Pre-Enforcement Priority of Payments, including payments to the Subordinated Lender in the order of priority.

Prior to the service of an Enforcement Notice, the Cash Reserve Account will be replenished on each Payment Date up to the Required Cash Reserve Amount in accordance with item *ten* of the Pre-Enforcement Priority of Payments.

Following delivery of an Enforcement Notice, the amount standing to the credit of the Cash Reserve Account will, together with all other Available Post-Enforcement Funds, be available to make payments in accordance with the Post-Enforcement Priority of Payments.

Subordination

Upon enforcement of the Security, the Class A Noteholders benefit from subordination, both as to the payment of interest and principal, of the Class B Notes and the Class C Notes (**provided that**, prior to the service of an Enforcement Notice, interest and principal payments to the holders of the Class A Notes, the Class B Notes and the Class C Notes are paid on a sequential basis).

Upon enforcement of the Security, the Class B Noteholders benefit from subordination, both as to the payment of interest and principal, of the Class C Notes (**provided that**, prior to the service of an Enforcement Notice, interest and principal payment to the holders of the Class A Notes, the Class B Notes and the Class C Notes are paid on a sequential basis).

Amortisation

Unless an Enforcement Notice has been delivered on or before the relevant Payment Date and following the termination of the Revolving Period, the principal amount to be redeemed in respect of a Note (the "**Note Principal Payment**") shall be the Available Distribution Amount available for the redemption of the relevant Class of Notes on a Payment Date in accordance with the Pre-Enforcement Priority of Payments multiplied by the Note Factor (of which the numerator is the Outstanding Note Balance of that Note and the denominator, is the Aggregate Outstanding Note Balance of the relevant Class of Notes) and rounded down to the nearest penny. As a result, during the life of the Transaction following the termination of the Revolving Period, the credit enhancement to the Notes will increase steadily. Additionally, the Excess Spread is available to the Issuer to fulfil the Issuer's payment obligations under the Notes.

If at any time an Enforcement Notice is delivered, the Available Post-Enforcement Funds will be applied in redemption of the Notes on a sequential basis as set forth in and subject to the Post-Enforcement Priority of Payments

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes as at the Issue Date will be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes. The Notes are intended to be held under the New Safekeeping Structure.

The Global Notes will be deposited on or about the Issue Date with a common safekeeper for both Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**") and will be registered in the name of a nominee of the Common Safekeeper.

The Issuer will procure that the Registrar maintains a register in which the Registrar will record the Common Safekeeper as the owner of the Global Notes.

Upon confirmation by the Common Safekeeper that it, or a nominee thereof, 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 denomination of £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit, 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 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 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 and the Agency Agreement. Except as set out under "*Issuance of Definitive Notes*", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*", below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Issuer Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. 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.

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Definitive Notes, the Global Note held by the Common Safekeeper or a nominee thereof may not be transferred except as a whole by the Common Safekeeper or nominee thereof to a successor of the Common Safekeeper or nominee thereof.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under "*Transfers and Transfer Restrictions*", below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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 Arranger, the Managers, the Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of HSBC Bank plc (the "**Principal Paying Agent**"), on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, 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. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Paying Agents and any other person will be obliged to pay additional amounts in respect thereof.

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 Depositary, 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 Notes (i) where the 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 Payment Date and (ii) where the Notes are in definitive registered form, shall be the date falling fifteen (15) calendar days prior to the relevant 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 Managers, the 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.

Information Regarding Euroclear and Clearstream, Luxembourg

The Issuer understands that:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate 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 provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal 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 Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder 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 owning the relevant Book-Entry Interests 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 a 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 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. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests 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. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed 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 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 "*General*" above.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. Neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Issuance of Definitive Notes

Holders of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Definitive Notes**") in exchange for their

respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of fourteen (14) calendar days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a tax authority or a court or in the administration of such laws or regulations which becomes effective on or after the Issue Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form. Any Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and **provided that** no transfer shall be registered for a period of fifteen (15) calendar days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination.

Action in respect of the Global Notes and the Book-Entry Interests

Not later than ten (10) calendar days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

Whilst the Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, and subject to Condition 4.1(d), such notices regarding the Notes may instead be 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 Trustee shall approve in advance having a general circulation in the United Kingdom; **provided that** if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of the Luxembourg Stock Exchange allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Trustee may, in accordance with Condition 16.2 (*Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

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 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 (as defined below).

1. GENERAL

The £400,000,000 Class A floating rate notes due April 2031 (the "**Class A Notes**"), the £78,000,000 Class B fixed rate notes due April 2031 (the "**Class B Notes**") and the £71,400,000 Class C fixed rate notes due April 2031 (the "**Class C Notes**", and together with the Class A Notes and the Class B Notes, the "**Notes**"), in each case of Bavarian Sky UK 5 plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated 20 April 2023 (the "**Issue Date**") and made between, among others, the Issuer and HSBC Corporate Trustee Company (UK) Limited as trustee for the Noteholders (in such capacity, the "**Trustee**"). 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, the Class B Notes or the Class C Notes as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Issue Date and made between, among others, the Issuer and the Trustee.

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or around the Issue Date and made between the Issuer, the Trustee, HSBC Bank plc as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), HSBC Bank plc as registrar (in such capacity, the "**Registrar**") and HSBC Bank plc as interest determination agent (in such capacity, the "**Interest Determination Agent**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and an incorporated terms memorandum (the "**Incorporated Terms Memorandum**") entered into by, among others, the Issuer, the Trustee on the Issue Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Incorporated Terms Memorandum and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the Principal Paying Agent. 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.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Incorporated Terms Memorandum available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Incorporated Terms Memorandum.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with a common safekeeper for both Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of the Common Safekeeper.

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum denomination of £100,000 and higher integral multiples of £1,000. A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the "**Definitive Notes**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of fourteen (14) calendar days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Trustee is available; or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a tax authority or a court or in the application of such laws or regulations, which becomes effective on or after the Issue 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 registered form.

If Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Definitive Notes shall be equal to the Class Outstanding Note Balance at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in global and (if issued and printed) definitive form will be £100,000.

References to "*Notes*" in these Conditions shall include the Global Notes and the Definitive Notes.

3.2 **Title**

Title to the Notes shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Definitive Notes may be transferred upon the surrender of the relevant Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the Principal Paying Agent. Such transfers shall be subject to the minimum denomination specified in Condition 3.1 (*Form and Denomination*) above. All transfers of Definitive Notes are subject to any restrictions on transfer set out on the Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Note to be issued upon transfer of such Definitive Note will, within five (5) Business Days of receipt and surrender of such Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Register may require for) any stamp duty, documentary, registration, transfer or other similar taxes or other government charges which may be imposed in relation to the transfer of that Definitive Note.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class C Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of Class C Notes (the "**Class C Noteholders**") will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding) and the Class B Noteholders (so long as any Class B Notes remain outstanding).
- (d) The Trust Deed and the Deed of Charge contain provisions requiring the Trustee, respectively, to have regard to the interests of holders of each Class of the Notes as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise) but requiring the Trustee where there is a conflict of interests between one or more Classes of Notes in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Most Senior Class of Notes.
- (e) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class of Notes. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class of Notes, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.13, the Trustee shall not have regard to the interests of the other Secured Parties.

4.2 Security

- (a) The security constituted by or pursuant to the Deed of Charge is granted to the Trustee for it to hold on trust for the Noteholders and the other Secured Parties, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders and the other Secured Parties will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. COVENANTS

The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

6. INTEREST

6.1 Accrual of interest

Each Note bears interest on its Outstanding Note Balance from (and including) the Issue Date. Interest shall accrue from (and including) a Payment Date (as defined below) (except in the case of the first Interest Period (as defined below), which shall commence on (and include) the Issue Date) to (but excluding) the next following Payment Date. Each Note (and, 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, upon due presentation in accordance with Condition 7 (*Payments*), 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.

6.2 Payment Dates

Payments of interest and, in accordance with the provisions herein, principal in respect of the Notes to the Noteholders shall become due and payable monthly on the twentieth (20th) day of each calendar month or, if such day is not a Business Day, on the next following Business Day unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day, commencing on 20 May 2023 (each such day, a "**Payment Date**").

6.3 Interest Period

"**Interest Period**" means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date, and in respect of any subsequent Payment Date, the period commencing on (and including) the respective previous Payment Date and ending on (but excluding) such Payment Date, **provided that** the last Interest Period shall end on (but exclude) the Legal Final Maturity Date or, if earlier, the date on which all Notes are redeemed in full.

6.4 Interest Rate

Interest Rate

- (a) The rate of interest payable from time to time in respect of each class of Notes (each a "**Interest Rate**" and together the "**Interest Rates**") will be:
 - (i) subject to Condition 6.4(b) below, in respect of the Class A Notes and any Interest Period:
 - (A) on each Interest Determination Date, the Interest Determination Agent will determine the Compounded Daily SONIA (as defined below) at approximately 11.00 a.m. (London time) on that date (the "**Reference**

Rate") in accordance with the provisions of Condition 6.6 (*Determination of Interest Amounts*);

- (B) the floating rate of interest for the Interest Period in respect of the Class A Notes shall be the Reference Rate plus the Relevant Margin (as defined below);
 - (C) subject to Condition 6.4(a)(i)(B) above, if the floating rate of interest cannot be determined by the Interest Determination Agent in accordance with these Conditions, the floating rate of interest shall be (i) that determined as at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the initial floating rate of interest which would have been applicable to the Class A Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Relevant Margin applicable to the first Interest Period); and
 - (D) **provided that**, if there has been a public announcement of the permanent or indefinite discontinuation of the Reference Rate or the relevant benchmark rate that applies to the Notes at that time (the date of such public announcement being the "**Relevant Time**") the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Base Rate (as defined below) in accordance with Condition 13.6(j);
 - (ii) in respect of the Class B Notes, 1.00% *per annum*; and
 - (iii) in respect of the Class C Notes, 1.50% *per annum*.
- (b) In the event that the interest rate calculated in accordance with Condition 6.4(a)(i) is less than zero, the Interest Rate shall be zero.
 - (c) There will be no maximum Interest Rate on the Notes.

Definitions

- (a) In these Conditions (except where otherwise defined), the expression:

"Banking Day" means, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London;

"Compounded Daily SONIA" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Interest Determination Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 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;

"do" is the number of Banking Days in the relevant Interest Period;

"i" is a series of whole numbers from one to do, each representing the relevant Banking Day in chronological order from, and including, the first Banking Day in the relevant Interest Period;

"**ni**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Banking Day;

"**SONIA_{i-SLBD}**" means, in respect of any Banking Day falling in the relevant Interest Period, the Reference Rate for the Banking Day falling five (5) Banking Days prior to the relevant Banking Day "**i**".

"**Interest Commencement Date**" means the first date of each Interest Period;

"**Interest Determination Date**" means the date falling five (5) Banking Days prior to the end of each Interest Period;

"**Observation Period**" means the period from and including the date falling five (5) Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling five (5) Banking Days prior to the Payment Date for such Interest Period (or, if applicable, the date falling five (5) Banking Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

"**Reference Rate**" means Compounded Daily SONIA **provided that:**

- (a) If, in respect of any Banking Day in the relevant Observation Period, the Interest Determination Agent determines that the daily SONIA rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, the daily SONIA rate for such Banking Day shall be deemed to be equal to: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Banking Day; plus (ii) the mean of the spread of the daily SONIA rate to the Bank Rate over the previous five (5) days on which a daily SONIA 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; and
- (b) notwithstanding the foregoing, in the event the Bank of England publishes guidance as to: (i) how the daily SONIA rate is to be determined; or (ii) any rate that is to replace the daily SONIA rate, the Interest Determination Agent shall, in conjunction with the Issuer (and as instructed by the Trustee, acting on the instructions of the Class A Noteholders), to the extent that it is reasonably practicable, follow such guidance in order to determine the daily SONIA rate, for so long as the daily SONIA rate is not available or has not been published by the authorised distributors.

"**Reference Screen**" means the Bloomberg Screen SONIA Page (or such replacement page on that service which displays the relevant information) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer (with the approval of the Trustee, acting on the instructions of the Class A Noteholders).

"**Relevant Margin**" means 0.62% *per annum*.

6.5 Interest Shortfall

Accrued interest not paid on any Payment Date related to the Interest Period in which it accrued, including but not limited to any accrued interest resulting from correction of any miscalculation of interest payable on a Note related to the last Interest Period immediately prior to the Payment Date, shall be an "**Interest Shortfall**" with respect to the relevant Note. An Interest Shortfall shall become due and payable on the next Payment Date and on any following Payment Date (subject to Condition 12.4 (*Limited Recourse*)) until it is reduced to zero. Interest shall accrue on Interest Shortfalls from the date such Interest Shortfall accrued in accordance with the Interest Rate applicable at the time to the relevant Class of Notes in respect of which the Interest Shortfall has arisen (the "**Default Interest**") and such Default Interest (if unpaid) will be compounded and form part of the Interest Shortfall for the purposes of the immediately following Default Interest Calculation. For the avoidance of doubt, in respect of the Most Senior Class of Notes only, a default

in the payment of interest on any Payment Date (where such default is not remedied within five (5) Business Days of its occurrence) will constitute an Issuer Event of Default.

6.6 **Determination of Interest Amounts**

The Interest Determination Agent shall, as soon as practicable after 11.00 a.m. (London time) on the Interest Determination Date falling in such Interest Period, but in no event later than the first Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the aggregate Class Outstanding Note Balance of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of the Class A Notes, be calculated by determining the interest amount per single Note of such Class of Notes and then multiplying the result by the number of Notes outstanding of such Class of Notes. The interest amount per single Note shall be calculated by multiplying the relevant Interest Rate with the Outstanding Note Balance per single Note and multiplying the result by the actual number of days in the Interest Period concerned divided by 365 and then rounding the figure downwards to the nearest penny.

The Interest Amounts shall, in respect of the Class B Notes and the Class C Notes, be calculated by determining the interest amount per single Note of such Class of Notes and then multiplying the result by the number of Notes outstanding of such Class of Notes. The interest amount per single Note shall be calculated by multiplying the relevant Interest Rate to the Outstanding Note Balance per single Note on the basis of a 360 day year consisting of 12 months of 30 days each and then rounding the figure downwards to the nearest penny.

6.7 **Publication of Interest Rates and Interest Amounts**

The Interest Determination Agent shall cause the Interest Rate and the Interest Amounts for each Class of Notes in respect of each Interest Period and each Payment Date to be notified to the Issuer, the Servicer, the Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than five (5) Business Days prior to the immediately succeeding Payment Date. The Interest Amounts and 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.

6.8 **Determination by the Trustee**

The Trustee may, without liability therefor, if the Interest Determination Agent defaults at any time in its obligation to determine the Interest Rates and the Interest Amounts in accordance with the above provisions and the Trustee has been notified of such default by the Issuer, determine or cause to be determined the Interest Rates it shall deem fair and reasonable in all circumstances and the Interest Amounts in the manner provided in Condition 6.7 (*Publication of Interest Rates and Interest Amounts*). In each case, the Trustee may, at the expense of the Issuer, engage an expert to make the determination and any such determination shall be deemed to be determinations made by the Interest Determination Agent.

6.9 **Notifications 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 6 (*Interest*), whether by the Interest Determination Agent, the Servicer or the Trustee, will (in the absence of wilful default, negligence, fraud or manifest error) be binding on the Issuer, the Servicer, the Trustee, the Interest Determination Agent, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, negligence, fraud or manifest error) no liability to the Issuer or the Noteholders shall attach to the Servicer, the Interest Determination Agent, the Registrar or, if applicable, the Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6 (*Interest*).

6.10 **Interest Determination Agent**

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an interest determination agent for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Interest Determination Agent and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the interest determination agent or failing duly to determine the Interest Rate or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Interest Determination Agent may not resign its duties or be removed without a successor having been appointed pursuant to the terms of the Agency Agreement.

7. **PAYMENTS**

7.1 **Payment of Interest and Principal**

Subject to Condition 3.2 (*Title*), payments of any amount in respect of a Note, including principal and interest, shall be made by credit or transfer to an account in sterling maintained by the payee.

7.2 **Laws and Regulations**

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto 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. Noteholders will not be charged commissions or expenses on payments.

7.3 **Payment of Interest following a Failure to pay Principal**

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.4 (*Interest Rate*) will be paid in accordance with this Condition 7 (*Payments*).

7.4 **Change of Paying Agents**

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents **provided that** there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in the United Kingdom, and a person appointed to perform the obligations of the Registrar.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice to be provided as soon as possible and, in any event, no later than one Business Day prior to the date of any change in or any addition to the Paying Agents, the Registrar or their specified offices, to the Noteholders and in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

7.5 **No Payment on non-Business Day**

If the date for payment of any amount in respect of a Note is not a Business Day, Noteholders shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5 (*No Payment on non-Business Day*), the expression "**Business Day**" means any day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London, Munich and Frankfurt am Main.

7.6 **Partial Payment**

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Aggregate Outstanding Note Balance together with any accrued interest on the Payment Date falling in April 2031 (the "**Legal Final Maturity Date**").

8.2 Amortisation

- (a) Subject to any redemption previously effected pursuant to Condition 8.2(b) below, and prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed on each Payment Date in an amount equal to the Available Distribution Amount available for such purpose in accordance with the Pre-Enforcement Priority of Payments which shall be applied in the following order of priority:
- (i) to repay the Class A Notes until they are each repaid in full;
 - (ii) to repay the Class B Notes until they are each repaid in full; and thereafter
 - (iii) to repay the Class C Notes until they are each repaid in full.
- (b) The Outstanding Note Balance of each Note shall be redeemed on each Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Note (the "**Note Principal Payment**") on any Payment Date prior to the service of an Enforcement Notice shall be the Available Distribution Amount available for the redemption of the relevant Class of Notes on such Payment Date in accordance with the relevant Priority of Payments, as calculated on the Cut-Off Date immediately preceding such Payment Date, multiplied by the relevant Note Factor and rounded down to the nearest penny. With respect to each Note on (or as soon as practicable after) each Cut-Off Date, the Issuer shall determine (or cause the Servicer to determine) (i) the amount of any Note Principal Payment due on the Payment Date next following such Cut-Off Date, (ii) the Outstanding Note Balance of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**Note Factor**"), of which the numerator is the Outstanding Note Balance of that Note (as referred to in (ii) above) and the denominator, is the Class Outstanding Note Balance of the relevant Class of Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Outstanding Note Balance of a Note and the Note Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.
- (c) The Issuer will cause each determination of a principal repayment, Outstanding Note Balance and Note Factor to be notified not less than four (4) Business Days prior to the relevant Payment Date to the Trustee, the Paying Agents, the Interest Determination Agent and (for so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the official list of the Luxembourg Stock Exchange) will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than four (4) Business Days prior to the relevant Payment Date. If no principal repayment is due to be made on the Notes on any Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Clean-Up Call

- (a) With respect to any Payment Date on which: (a) the Aggregate Discounted Receivables Balance is less than 10% of the Aggregate Discounted Receivables Balance on the Cut-Off Date immediately preceding the Issue Date; or (b) if earlier, the Class A Notes have been redeemed in full, the Seller shall (**provided that** on the relevant Payment Date no Enforcement Notice has been delivered) have the option under the Receivables Purchase Agreement to demand from the Issuer the resale of all outstanding Purchased Receivables (together with any Related Collateral) on the Clean-Up Call Settlement Date (the "**Clean-Up Call Option**"), subject to the following requirements (the "**Clean-Up Call Conditions**"):

- (i) the proceeds distributable as a result of such repurchase of all outstanding Purchased Receivables (together with any Related Collateral) (after the Seller has rightfully exercised the Clean-Up Call Option) shall, together with funds credited to the Cash Reserve Account, be at least equal to the sum of (x) the Aggregate Outstanding Note Balance and the aggregate outstanding principal amount of the Subordinated Loan plus (y) accrued but unpaid interest thereon plus (z) all claims of any creditors of the Issuer ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments;
 - (ii) the Seller shall have notified the Issuer and the Trustee of its intention to exercise the Clean-Up Call Option at least ten (10) calendar days prior to the contemplated settlement date of the Clean-Up Call Option which shall be a Payment Date (the "**Clean-Up Call Settlement Date**"); and
 - (iii) the repurchase price to be paid by the Seller shall be an amount equal to the higher of: (i) the Aggregate Discounted Receivables Balance of the Purchased Receivables and (ii) the Aggregate Outstanding Note Balance of the Notes and the aggregate outstanding principal amount of the Subordinated Loan plus (x) accrued but unpaid interest thereon plus (y) all claims of any creditors of the Issuer in respect of the Issuer ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments.
- (b) Upon payment in full of the amounts specified in Condition 8.3(a)(i) to, or for the order of, the Noteholders, no Noteholders shall be entitled to receive any further payments of interest or principal.

8.4 **Optional Redemption for Taxation Reasons**

If, in the determination of the Issuer or as a result of any enactment of or supplement or amendment to, or change in, the laws of any relevant jurisdiction or as a result of an official communication of a previously not existing or not publicly available official interpretation, or a change in the official interpretation, implementation or application of such laws that becomes effective on or after the Issue Date the Issuer would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), (A) be required to make any withholding or deduction for or on account of tax in respect of any payments on the Notes and/or receive any material payments pursuant to the Transaction Documents subject to any withholding or deduction for or on account of tax for which it is not compensated or (B) cease to be subject to corporation tax in accordance with regulations 14 to 21 of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (each such event being a "**Tax Event**"), the Issuer shall notify the Trustee and determine within twenty (20) calendar days of such Tax Event occurring (the "**Determination Period**") whether it would be practicable to arrange for the substitution of the Issuer as principal debtor under the Transaction Documents, the Notes and the other Secured Obligations in accordance with Condition 13.22 (*Issuer Substitution Condition*) or to change its tax residence to another jurisdiction.

If the Issuer determines that any of such measures would be practicable, it shall (i) notify the Trustee and (ii) effect such substitution in accordance with Condition 13.22 (*Issuer Substitution Condition*) or (as relevant) such change of tax residence.

If, however, the Issuer determines within the Determination Period that none of such measures would be practicable or if, having determined that any of such measures would be practicable (and having notified the Trustee of such determination), it is unable so to avoid such deduction or withholding for or on account of tax, levies or governmental charges then the Issuer shall be entitled at its option (but shall have no obligation) to fully redeem all (but not some only) of the Notes, upon not more than sixty (60) calendar days' nor less than thirty (30) calendar days' notice of redemption given to the Trustee, to the Paying Agents and, in accordance with Condition 16 (*Notice to Noteholders*) to the Noteholders, at their then applicable Outstanding Note Balance, together with accrued but unpaid interest (if any) to the date (which must be a Payment Date) fixed for redemption together with all amounts ranking prior thereto or *pari passu* therewith in accordance with the Pre-Enforcement Priority of Payments. Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

8.5 **No Purchase by the Issuer**

The Issuer will not be permitted to purchase any of the Notes.

8.6 **Cancellation on redemption in full**

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. **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, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of Taxes is required by applicable law. In that event, and subject to Condition 8.4 (*Optional Redemption for Taxation Reasons*), the Issuer or, as the case may be, the 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 Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction. For the avoidance of doubt, any payment in respect of the Notes shall be made after any withholding or deduction in respect of FATCA, and no person shall be obliged to make any additional payments in respect of such withholding or deduction.

10. **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 10 (*Prescription*), 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 Trustee on or prior to such date) the date on which, the full amount of such monies having been received, and notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

11. **EVENTS OF DEFAULT**

11.1 **Notes**

The Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25% in aggregate Class Outstanding Note Balance of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Class Outstanding Note Balance, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Seller, the Servicer, the Back-Up Servicer Facilitator, the Account Bank, the Collection Account Bank and the Calculation Agent), if any of the following events (each, an "**Issuer Event of Default**") occur:

- (a) a default occurs in the payment of interest on any Payment Date (and such default is not remedied within five (5) Business Days of its occurrence) or the payment of principal on the Legal Final Maturity Date (and such default is not remedied within five (5) Business Days of its occurrence) in respect of the Most Senior Class of Notes;
- (b) the Issuer fails to perform or observe any of its other material obligations under the Conditions or the Transaction Documents (other than the Subordinated Loan Agreement) and, in each such case (except where the Trustee certifies that, in its opinion, such failure

is incapable of remedy when no notice will be required) such failure is continuing for a period of thirty (30) calendar days following the service by the Trustee on the Issuer of a notice requiring the same to be remedied;

- (c) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Class A Notes or any other Transaction Document (other than the Subordinated Loan Agreement); or
- (d) an Insolvency Event has occurred with respect to the Issuer.

11.2 **General**

Upon the service of an Enforcement Notice by the Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Class Outstanding Note Balance, together with accrued interest thereon as provided in the Trust Deed.

12. **ENFORCEMENT**

12.1 **General**

The Trustee may, at any time, at its discretion and without notice and in such manner as it thinks fit, take such proceedings, actions and/or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes, or the Trust Deed (including these Conditions) or the Deed of Charge or any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings, action or steps or any other action under the Notes, the Trust Deed or any other Transaction Document unless:

- (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or directed in writing by the holders of at least 25% in aggregate Class Outstanding Note Balance of the Most Senior Class of Notes; and
- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

12.2 **Preservation of Assets**

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) the Servicer certifies to the Trustee (upon which certification the Trustee can rely without liability) that a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes (and all persons ranking in priority to the holders of the Notes), or (b) the Trustee is of the opinion, which shall be binding on the Secured Parties, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Trustee for the purpose of giving such advice), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments). The properly documented and incurred fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Trustee shall be paid by the Issuer. The Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 (*Preservation of Assets*) without further enquiry and shall incur no liability to any person for so doing.

12.3 **Limitations on Enforcement**

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 Conditions or 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 Trustee having

become bound so to do, 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.

12.4 **Limited Recourse**

If at any time following:

- (a) the occurrence of either:
 - (i) the Legal Final Maturity Date or any earlier date upon which all of the Notes of each class are due and payable; or
 - (ii) the service of an Enforcement Notice; and
- (b) Realisation (defined below) of the Charged Assets and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments; and

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer. For the purpose of this Condition 12.4 (*Limited Recourse*), "**Realisation**" means, in relation to any Charged Assets, the deriving, to the fullest extent practicable, of proceeds from or in respect of such Charged Assets including (without limitation) through sale or through performance by an obligor in accordance with the provisions of the Transaction Documents.

13. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

13.1 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.

13.2 For the purposes of these Conditions, "**Most Senior Class of Notes**" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes.

13.3 **Limitations on other Noteholders**

- (a) Subject as provided in Conditions 13.3(b) and 13.3(c):
 - (i) a resolution passed at any meeting of the holders of the Most Senior Class of Notes shall be binding on such Noteholders and all other Classes of Noteholders irrespective of the effect upon them;
 - (ii) subject to Condition 13.3(a)(iii), a resolution passed at any meeting of a relevant Class of Noteholders shall be binding on such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case irrespective of the effect it has upon them; and
 - (iii) subject to Condition 13.3(c), no resolution of any Class of Noteholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes).
- (b) Subject as provided in Condition 13.3(c), a resolution which, in the opinion of the Trustee, affects the interests of the holders of Notes of only one Class only shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or

by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected.

- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding then in issue which are affected by such Basic Terms Modification.

13.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25% of the Aggregate Outstanding Note Balance of such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the Aggregate Outstanding Note Balance of such Class or Classes of Notes then outstanding.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes (other than any Base Rate Modification (as defined in Condition 13.6(j))), (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or, where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes, (including, in relation to any Class of Notes, if any such modification is proposed for any Class of Notes ranking senior to such Class in the Priority of Payments) (other than any Base Rate Modification (as defined in Condition 13.6(j))), (iv) alter the currency in which payments under the Notes are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes, (vii) sanction any change to the definition of a Basic Terms Modification, or (viii) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**") shall be one or more persons holding or representing in the aggregate not less than 75% of the aggregate Class Outstanding Note Balance of such Class of Notes then outstanding. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant Class of Noteholders.
- (d) The quorum at any adjourned meeting shall be:
 - (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10% of the aggregate Class Outstanding Note Balance of the Notes of such Class then outstanding;
 - (ii) (other than in relation to a Basic Terms Modification) for an Extraordinary Resolution shall be one or more persons present and holding or representing not less than 25% of the aggregate Class Outstanding Note Balance of the Notes of such Class then outstanding; and
 - (iii) (in respect of a Basic Terms Modification) one or more persons present and holding or representing in the aggregate not less than 50% of the aggregate Class Outstanding Note Balance of the Notes of such Class then outstanding.

The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Trustee which is bound to act.

- 13.5 The Trustee may at any time and from time to time, with the written consent of the Secured Parties which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Party entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, or any other Secured Party, agree with the Issuer and any other parties in making or sanctioning any modification:
- (a) (except in the case of a Basic Terms Modification) to these Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Trustee, will not be materially prejudicial to the interests of all the Noteholders; or
 - (b) to these Conditions the Trust Deed or any other Transaction Document if in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.
- 13.6 **Provided that** there are Notes outstanding, notwithstanding the provisions of Condition 13.5 but subject to Condition 13.7, the Trustee shall be obliged, without any consent or sanction of the Noteholders or the other Secured Parties, but subject to the receipt of the prior written consent of any of the Secured Parties party to the Transaction Document being modified (such consent to be conclusively demonstrated by such Secured Party entering into any deed or document purporting to modify such Transaction Document), 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:
- (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** the Issuer (or the Servicer on its behalf) certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement or reflect such criteria;
 - (b) in order to enable the Issuer and/or the Swap Counterparty to comply with:
 - (i) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 as amended (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**EU EMIR**") or under EU EMIR as it forms part of domestic law in the United Kingdom by virtue of the EUWA as amended ("**UK EMIR**"); or
 - (ii) any other obligation which applies to it under EU EMIR or UK EMIR, **provided that** the Issuer (or the Servicer on its behalf) or the Swap Counterparty, as appropriate, certifies to the Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
 - (c) for the purpose of enabling the Notes to be (or to remain) listed on the Luxembourg Stock Exchange, **provided that** the Issuer (or the Servicer on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
 - (d) for the purposes of enabling the Issuer or any other person that is party to a Transaction Document (a "**Transaction Party**") to comply with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code ("**FATCA**") (or any voluntary agreement entered into with a tax authority in relation thereto), **provided that** the Issuer (or the Servicer on its behalf) or the relevant Transaction Party, as applicable, provides a written certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect;

- (e) for the purposes of enabling the Issuer to appoint a replacement Collection Account Bank, **provided that** the Issuer (or the Servicer on its behalf) provides a written certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with any changes in the requirements of the UK Securitisation Regulation after the Issue Date, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Regulation (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**UK Securitisation Regulation Requirements**") including any requirements imposed by any other obligation which applies under the UK Securitisation Regulation Requirements and/or any new regulations or official guidance in relation thereto, or which are required to comply with Article 7 of the UK Securitisation Regulation, **provided that** the Issuer (or the Servicer on its behalf) provides a written certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect;
- (g) for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation after the Issue Date, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**EU Securitisation Regulation Requirements**") including any requirements imposed by any other obligation which applies under the EU Securitisation Regulation Requirements and/or any new regulations or official guidance in relation thereto, or which are required to comply with Article 7 of the EU Securitisation Regulation, **provided that** the Issuer (or the Servicer on its behalf) provides a written certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect;
- (h) for the purpose of enabling the Rated Notes to maintain Eurosystem eligibility, provided that the Issuer (or the Servicer on its behalf) provides a written certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (i) for the purpose of enabling the Issuer (or the Servicer on its behalf) to open any custody or swap collateral account for the receipt of any collateral posted by the Swap Counterparty under the Swap Agreement in the form of either securities or cash in a currency other than Sterling (a "**New Non-Sterling Account**"), **provided that** the Issuer (or the Servicer on its behalf) provides a written certificate to the Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Conditions 13.6(a) to 13.6(i) (inclusive) above being a "**Modification Certificate**").

The Trustee is only obliged to concur with the Issuer in making any modification referred to in Conditions 13.6(a) to 13.6(i) (inclusive) above, to these Conditions and/or to any Transaction Document if:

- (A) at least thirty (30) calendar days' prior notice of any such proposed modification have been given to the Trustee;
- (B) the Modification Certificate in relation to such modification be provided to the Trustee at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Party which is party to the relevant Transaction Document have been obtained (such consent to be conclusively demonstrated by such Secured Party entering into any deed or document purporting to modify such Transaction Document);

- (D) the Trustee be satisfied that it has been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees) incurred by it in connection with such modification,

and **provided further that**, other than in the case of a modification pursuant to Condition 13.6(b), 13.6(f), 13.6(g) and 13.6(i),

- (E) the Issuer (or the Servicer on its behalf) either:
- (I) has obtained from each of the Rating Agencies a Rating Agency Confirmation; or
 - (II) has certified in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and neither 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 **provided further that**, other than in the case of a modification pursuant to Condition 13.6(b), 13.6(f), 13.6(g) and 13.6(i),

- (F) the Issuer has certified (upon which certification the Trustee shall be entitled to rely absolutely and without further enquiry or liability) in writing to the Trustee (which certification may be in the Modification Certificate) that in relation to such modification (I) the Issuer has provided at least thirty (30) calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and has procured its publication on Bloomberg on the "Company News" screen relating to the Issuer, 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 Principal Paying Agent for the time being during normal business hours, and (II) Noteholders representing at least 10% of the aggregate Class Outstanding Note Balance of any Class of Notes have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10% of the aggregate Class Outstanding Note Balance of any 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 is passed in favour of such modification in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

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; or

- (j) for the purpose of changing the Compounded Daily SONIA or the base rate that then applies in respect of the Notes and/or any consequential amendments to any related Swap Agreement to an alternative base rate (any such rate, whether new or amended, which may include an alternative computation of SONIA (any such rate, an "**Alternative Base Rate**") and making such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**Base Rate Modification**"), **provided that** in relation to any amendment under this Condition 13.6(j):

- (i) the Issuer or the Servicer, on behalf of the Issuer, certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
- (A) such Base Rate Modification is being undertaken due to any one or more of the following:
- (1) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - (2) the insolvency or cessation of business of the administrator of SONIA (in circumstances where no successor administrator has been appointed);
 - (3) a public statement by the administrator of SONIA that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of SONIA) with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification;
 - (4) a public statement by the supervisor of the administrator of SONIA that SONIA has been or will be permanently or indefinitely discontinued or there will be a material change in the methodology of calculating SONIA with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification;
 - (5) a public statement by the supervisor of the administrator of SONIA that SONIA will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Base Rate Modification;
 - (6) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a base rate endorsed in a public statement by the Bank of England, the FCA or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of SONIA;
 - (7) it having become unlawful and/or impossible and/or impracticable for the Interest Determination Agent or the Issuer to calculate any payments due to be made to any Noteholder using SONIA; or
 - (8) the reasonable expectation of the Servicer that any of the events specified in sub-paragraphs (1), (2), (3), (4), (5), (6) or (7) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (B) such Alternative Base Rate is any one or more of the following:
- (1) a base rate published, endorsed, approved or recognised by the Bank of England or the European Central Bank, any regulator in the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

- (2) a base rate utilised in a material number of publicly-listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;
 - (3) a base rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is an Affiliate of BMW FS; or
 - (4) such other base rate as the Issuer, or the Servicer on behalf of the Issuer, reasonably determines, **provided that** this option may only be used if the Issuer, or the Servicer on behalf of the Issuer, certifies to the Trustee that, in the reasonable opinion of the Issuer, or the Servicer acting on behalf of the Issuer, neither Condition 13.6(j)(i)(B)(1), Condition 13.6(j)(i)(B)(2), Condition 13.6(j)(i)(B)(3), Condition 13.6(j)(i)(B)(4) nor Condition 13.6(j)(ii) are applicable and/or practicable in the context of the Transaction, and sets out the rationale in the Base Rate Modification Certificate for choosing the proposed Alternative Base Rate;
- (ii) the modifications proposed are required solely for the purpose of applying SONIA or the relevant base rate that applies to the Notes at such time and making consequential modifications to these Conditions or any Transaction Document which are, as reasonably determined by the Issuer necessary or advisable, and the modifications have been drafted solely to such effect;
 - (iii) a Rating Agency Confirmation is delivered;
 - (iv) the Seller pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Trustee or any other Transaction Party in connection with such modification,

provided that:

- (i) at least thirty (30) calendar days' prior written notice of any such proposed Base Rate Modification has been given to the Trustee;
- (ii) the Base Rate Modification Certificate in relation to such Base Rate Modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed Base Rate Modification and on the date that such Base Rate Modification takes effect;
- (iii) the Issuer (or the Servicer on its behalf) certifies in writing to the Trustee (which certification may be in the Base Rate Modification Certificate) that the Issuer has provided at least thirty (30) calendar days' notice to the Noteholders of the proposed Base Rate Modification in accordance with Condition 16 (*Notice to Noteholders*) and Noteholders representing at least 10% of the Class Outstanding Note Balance 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 Trustee that such Noteholders do not consent to the Base Rate Modification;
- (iv) if Noteholders representing at least 10% of the Class Outstanding Note Balance 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 such Noteholders do not consent to the Base Rate Modification, then such Base Rate 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 the Base Rate Modification in accordance with this Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

- 13.7 When implementing any modification pursuant to Condition 13.6:
- (a) (save to the extent the Trustee considers that the proposed modification would constitute a Basic Terms Modification) the Trustee shall not consider the interests of the Noteholders, any other Secured Party or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 13.6 and shall not be liable to the Noteholders, any other Secured Party or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (b) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.
- 13.8 Other than in relation to a Basic Terms Modification, the Trustee may without the consent or sanction of the Noteholders, or the other Secured Parties and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, but only if and in so far as in the sole opinion of the Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants (including any Issuer Event of Default or Potential Issuer Event of Default) or provisions contained in or arising pursuant to the Conditions, or any of the Transaction Documents by any party thereto or determine, without any such consent or sanction as aforesaid, that any Issuer Event of Default or Potential Issuer Event of Default shall not be treated as such, **provided that** the Trustee shall not exercise any powers conferred on it by this Condition 13.8 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes or by a direction under Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.
- 13.9 Any such modification, waiver, authorisation or determination by the Trustee, in accordance with these Conditions or the Transaction Documents shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*).
- 13.10 Any modification to the Transaction Documents and these Conditions shall be notified by the Issuer in writing to the Rating Agencies (other than any modification which in the opinion of the Trustee (i) will not be materially prejudicial to the interests of any of the Noteholders; or (ii) is a formal, minor or technical nature or is made to correct a manifest error).
- 13.11 In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Optional Redemption for Taxation Reasons*), the Trustee may also agree, without the consent of the Noteholders or the other Secured Parties, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, **provided that** such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of all the Noteholders or the other Secured Parties.
- 13.12 In determining whether or not a proposed action will be materially prejudicial to the interests of any of the Noteholders, the Trustee may, among other things, have regard to whether the Rating Agencies have confirmed orally or in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Notes.
- 13.13 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 in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholders of such Class or Classes 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 sub-division thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but requiring the Trustee, where there is a conflict of interests between one or more Classes of Notes, in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes.

13.14 Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.

13.15 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority of not less than 50.1% of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority of not less than 50.1% of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than 50.1% in aggregate Class Outstanding Note Balance of the relevant Class of Notes, 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 the relevant Class of Notes; or
- (c) consent given by way of Electronic Consent through the relevant Clearing System(s) (or in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than 50.1% in aggregate Class Outstanding Note Balance of the relevant Class of Notes.

13.16 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority of not less than 75% of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority of not less than 75% of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than 75% in aggregate Class Outstanding Note Balance of the relevant Class of Notes, 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 the relevant Class of Notes; or
- (c) consent given by way of Electronic Consent through the relevant Clearing System(s) (or in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than 75% in aggregate Class Outstanding Note Balance of the relevant Class of Notes.

13.17 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a registered holder of any Note;
- (b) a bearer of any Voting Certificate; and
- (c) a proxy specified in any Block Voting Instruction.

13.18 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes (not being the Notes (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) 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 Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate.
- 13.19 **"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 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 period commencing 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 or aggregate total 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, **provided that** no such person shall be named as a proxy:
 - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.
- 13.20 For the purposes of this Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*):
- "24 hours"** means a period of 24 hours including all or part of a day (disregarding for this purpose the day upon which such Meeting is to be held) upon which banks are open for business in both the place where the relevant Meeting is to be held and in each of the places where the Paying Agents have their specified offices 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 a day upon which banks are open for business as aforesaid; and
- "48 hours"** means two consecutive periods of 24 hours.
- 13.21 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

13.22 **Issuer Substitution Condition**

- (a) If a Tax Event occurs as described in, and subject to, Condition 8.4 (*Optional Redemption for Taxation Reasons*), the Issuer shall notify the Trustee accordingly and shall, if the Issuer determines such measures practicable, in order to avoid the implications of such Tax Event, procure in accordance with and pursuant to clause 16 (*Procedure*) of the Trust Deed the substitution of the Issuer as principal debtor under the Transaction Documents, the Notes and the other Secured Obligations with a company incorporated in another jurisdiction or to change its tax residence to another jurisdiction.
- (b) The Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Transaction Documents, the Notes and in respect of the other Secured Obligations or change of the tax residence of the Issuer to another jurisdiction, **provided that** the Rating Agencies have indicated that such substitution or change of the tax residence of the Issuer would not negatively affect or result in a reduction, qualification or withdrawal of the then current ratings of the Rated Notes and that the conditions set out in clause 16 (*Substitution*) of the Trust Deed are satisfied including, *inter alia*, the Trustee is provided with legal opinions in respect of such substitution and the satisfaction of the conditions thereto (including a tax opinion) in form and substance satisfactory to it, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) or that would otherwise be appropriate for a single purpose vehicle incorporated for such purposes as the Issuer in its jurisdiction of incorporation (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.22, the Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Trustee, be materially prejudicial to the interests of any of the Noteholders.

14. **INDEMNIFICATION AND EXONERATION OF THE TRUSTEE**

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving them from taking action or enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Trustee is 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, individual 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.

15. **REPLACEMENT OF NOTES**

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed 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 Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

- (a) Subject to Condition 16.1(d), any notice to Noteholders shall be validly given if 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 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 Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Trustee and notified to Noteholders (in each case a "**Relevant Screen**"), or (ii) paragraph (c) 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 notice. 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.
- (b) In respect of Definitive Notes, notices to Noteholders will be sent to them by (i) email or (ii) first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail, at the respective email addresses or addresses (as the case may be) on the Register. Any such notice sent by post will be deemed to have been given on the fourth day after the date of posting and any notice sent by email shall be deemed to have been given at the time of dispatch **provided that** in the case of a notice given by email a confirmation of receipt is received by the sending party.
- (c) 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.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, the Luxembourg Stock Exchange all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the Luxembourg Stock Exchange and any such notice will be deemed to have been given on the date sent to the Luxembourg Stock Exchange.

16.2 Trustee's Discretion to Select Alternative Method

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and **provided that** notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

17. REPLACEMENT NOTES

If the Issuer Substitution Condition is satisfied in accordance with these Conditions and the Trust Deed, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes ("**Replacement Notes**") to replace one or more Classes of Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the Class of Notes which it replaces.

18. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Trustee) from the Rating Agencies that the then

current ratings of the Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").

- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:
- (i) (A) one or more Rating Agencies (each such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within thirty (30) calendar days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
 - (ii) one or more Rating Agencies gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from any Non-Responsive Rating Agency if the Issuer provides to the Trustee a certificate signed by a director certifying and confirming that each of the events in paragraphs (b)(i)(A) or (B) and (b)(ii) of this Condition 18 (*Non-Responsive Rating Agency*) has occurred.

19. **JURISDICTION AND GOVERNING LAW**

19.1 **Jurisdiction**

- (a) Subject to Condition 19.1(b), the Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Transaction Documents may be brought in such Courts.
- (b) This Condition 19.1 (*Jurisdiction*) is for the benefit of the Trustee only. As a result, and notwithstanding Condition 19.1(a) above, this Condition does not prevent the Trustee taking proceedings relating to any dispute in any other courts with jurisdiction. Further, to the extent allowed by law, the Trustee may take concurrent proceedings in any number of jurisdictions.

19.2 **Governing Law**

The Transaction Documents, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law and Scots law.

20. **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.

OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED PARTIES

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

Prior to an Event of Default: The Issuer or the Trustee may convene a Meeting at any time. Noteholders holding not less than 10% of the Aggregate Class Outstanding Note Balance of a Class or Classes of Notes then outstanding are entitled to direct the Trustee to convene a Noteholders' meeting.

However, so long as no Issuer Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, without the consent of the Issuer and, if applicable, certain other transaction parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

Following an Event of Default: Following the occurrence of an Issuer Event of Default, Noteholders may, if they hold not less than 25% of the aggregate Class Outstanding Note Balance of the Most Senior Class of Notes, or if an Extraordinary Resolution of the holders of the Most Senior Class of Notes is passed, direct the Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Class Outstanding Note Balance together with accrued (but unpaid) interest. The Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

Noteholders Meeting provisions:

| | Initial meeting | Adjourned meeting |
|-----------------------|--|--|
| Notice period: | At least twenty one (21) clear calendar days. | At least ten (10) clear calendar days. |
| Quorum: | Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25% of the Class Outstanding Note Balance of the relevant Class or Classes of Notes then outstanding, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 50% of the aggregate Class Outstanding Note Balance of the relevant Class or Classes of Notes then outstanding. The quorum for passing a | Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10% of the Class Outstanding Note Balance of the relevant Class or Classes of Notes then outstanding, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in aggregate not less than 25% of the aggregate Class Outstanding Note Balance of the relevant Class or Classes of Notes then outstanding. The quorum for passing a Basic Terms |

Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75% of the aggregate Class Outstanding Note Balance of each Class of Notes then outstanding.

Required majority for Ordinary Resolution: Majority consisting of not less than 50.1% of persons eligible to attend and vote at such meeting and voting at that meeting upon a show of hands or, if a poll is duly demanded, by not less than 50.1% of the votes cast on such poll (an "**Ordinary Resolution**").

Required majority for Extraordinary Resolution: Majority consisting of not less than 75% of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75% of the votes cast on such poll (an "**Extraordinary Resolution**").

Required majority for a Written Resolution: Not less than 75% in aggregate Class Outstanding Note Balance of the relevant Class of Notes then outstanding.

Electronic Consent: Noteholders may also pass an Ordinary Resolution and/or an Extraordinary Resolution by way of Electronic Consent communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant Clearing System(s) ("**Electronic Consent**"). Such consents are required from Noteholders of not less than 75% in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding and from holders of not less than 75% by number of the Notes in issue for matters requiring Extraordinary Resolutions. A resolution passed by way of Electronic Consent has the same effect as an Ordinary Resolution, or as the case may be, an Extraordinary Resolution.

Matters requiring Extraordinary Resolution: The following matters require an Extraordinary Resolution of the Noteholders, as set out in the Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such

rights arise under the Trust Deed, any other Transaction Document or otherwise;

- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.4 (*Optional Redemption for Taxation Reasons*) or Condition 13.22 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder, other than those modifications which are sanctioned by the Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Trustee to serve an Enforcement Notice;
- to remove the Trustee;
- to approve the appointment of a new Trustee;
- to authorise the Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution;
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash; or
- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

See Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and the section entitled "*Terms and Conditions of the Notes*" for more detail.

**Right of modification
subject to negative
consent of Noteholders:.**

Pursuant to and in accordance with the detailed provisions of Condition 13.6, the Trustee shall be obliged in certain circumstances, without any consent or sanction of the Noteholders or the other Secured Parties, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document that the Issuer considers necessary for the purpose of: (a) complying with any change in the rating criteria of one or more Rating Agencies; (b) complying with any obligation which applies to the Issuer and/or the Swap Counterparty under EU EMIR or UK EMIR; (c) enabling the Notes to be (or to remain) listed on the Luxembourg Stock Exchange; (d) enabling the Issuer or any other transaction party to comply with FATCA (or any voluntary agreement entered into with a tax authority in relation thereto); (e) facilitating the appointment of a replacement Collection Account Bank; (f) any changes which are required to comply with the UK Securitisation Regulation (including any obligation which applies to the Issuer under the

UK Securitisation Regulation after the Issue Date, including as a result of the adoption of regulatory standards or the implementation of technical standards in relation to the UK Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto) and/or the EU Securitisation Regulation (including as a result of the adoption of regulatory standards or the implementation of technical standards in relation to the EU Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto); (g) enabling the Rated Notes to maintain Eurosystem eligibility; (h) enabling the Issuer (or the Servicer on its behalf) to open any custody account or swap collateral account for the receipt of any collateral posted by the Swap Counterparty under the Swap Agreement in the form of either securities or cash in a currency other than Sterling; or (i) effecting a Base Rate Modification.

The Issuer must provide at least thirty (30) calendar days' notice to Noteholders of each Class of the proposed modification (other than (b), (f) and (h) above) in accordance with Condition 16 (*Notice to Noteholders*) and procure its publication on Bloomberg on the "Company News" screen relating to the Issuer. If Noteholders representing at least 10% of the aggregate Class Outstanding Note Balance of any Class of Notes 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 in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Right of modification relating to Basic Terms Modification:

If pursuant to and in accordance with the detailed provisions of Condition 13.3(c), a Basic Terms Modification has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding, the Trustee shall be obliged to effect such Basic Terms Modification for the purpose of: (a) modifying the date of maturity of Notes; (b) modifying the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes (other than any Base Rate Modification (as defined in Condition 13.6(i))); (c) modifying the amount of principal or the Interest Rate payable in respect of the Notes, or, where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (including, in relation to any Class of Notes, if any such modification is proposed for any Class of Notes ranking senior to such Class of Notes in the Priority of Payments) (other than any Base Rate Modification (as defined in Condition 13.6(i))); (d) altering the currency in which payments under the Notes is to be made; (e) altering the quorum or majority required in relation to the Basic Terms Modification; (f) effecting any scheme or proposal for the sale, conversion or cancellation of the Notes; (g) changing the provisions of a Basic Terms Modification; or (h) changing the definition of a Basic Terms Modification.

The Trustee shall not be obliged to agree to any Basic Terms Modification which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

Relationship between Classes of Noteholders: .

Subject to the provisions governing a Basic Terms Modification, a resolution of the Most Senior Class of Notes at any given time shall be binding on all other Classes of Notes which are subordinate to such Most Senior Class of Notes at any given time irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders shall take effect for any purpose while the Most Senior Class of Notes remains outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of such Most Senior Class of Notes (or the Trustee

is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes).

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes then in issue.

Subject to the provisions governing a Basic Terms Modification and the foregoing paragraphs, a resolution which, in the opinion of the Trustee, affects the interests of the holders of Notes of one Class only shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected.

Resolutions in writing:
.....

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Resolutions by Electronic Consent:
.....

Any resolution passed by way of Electronic Consent given by holders through the relevant Clearing System(s) to the Principal Paying Agent or another specified agent and/or the Trustee and in accordance with the Conditions and the Trust Deed, shall:

(a) give at least ten (10) calendar days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) to the Noteholders through the relevant Clearing System(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant Clearing System(s)) and the time and date (the "**Relevant Day**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant Clearing System(s);

(b) if, on the Relevant Day on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion of votes, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Such determination shall be notified in writing by the Issuer to the other party or parties to the Trust Deed. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Trustee (unless the Trustee is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (a) above. For the purpose of such further notice, references to Relevant Day shall be construed accordingly.

A resolution passed by way of Electronic Consent has the same effect as an Ordinary Resolution, or as the case may be, an Extraordinary Resolution.

Relationship between Noteholders and other Secured Parties:

So long as any of the Notes are outstanding, the Trustee shall not have regard to the interests of the other Secured Parties other than the Noteholders.

So long as the Notes are outstanding, the Trustee will have regard to the interests of each class of the Noteholders, but if in the Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of the holders of the Most Senior Class of Notes and the holders of such subordinated Classes of Notes shall have no claim against the Trustee for so doing.

Provision of information to the Noteholders:

The Issuer (as SSPE (as defined in the UK Securitisation Regulation)) is the designated entity for the purposes of Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force

on the Issue Date). The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date).

The Issuer will procure that the Servicer will:

(a) from the Issue Date:

- (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation; and
- (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "**UK SR Investor Reports**");

- (iii) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation; and
- (iv) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date); and

(b) from the Issue Date:

- (i) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1) of the EU Securitisation Regulation (as in force on the Issue Date);
- (ii) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as in force on the Issue Date) (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the EU Securitisation Regulation (as in force on the Issue Date) (the "**EU SR Investor Reports**");

- (iii) make available the documents as required by and in accordance with Article 7(1)(b) of the EU Securitisation

Regulation (as in force on the Issue Date) prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date);

- (iv) publish on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation (as in force on the Issue Date) (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as in force on the Issue Date),

provided that (in relation to (a) and (b) above) (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control **and provided further that** (a) the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) apply only until such time when the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the disclosure requirements under Article 7 of the UK Securitisation Regulation will also satisfy the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) due to the application of an equivalency regime or similar analogous concept and (b) to the extent that, after the Issue Date, there is any divergence between the disclosure requirements under Article 7 of the UK Securitisation Regulation and the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date), the Servicer shall only continue to comply with the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) (as if such provisions were applicable to it) on a reasonable efforts basis.

The UK SR Investor Reports and the EU SR Investor Reports shall also provide on a monthly basis information in relation to the Notes including, but not limited to, ratings of the Rated Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments in respect of the relevant period and required counterparty information (as set out in the Servicing Agreement). The Servicer shall publish each UK SR Investor Report to the UK SR Repository and each EU SR Investor Report to the EU SR Repository.

In addition the Servicer will prepare (on behalf of the Issuer) the monthly investor reports (each a "**Monthly Investor Report**") which shall include certain relevant performance information and shall procure that the Calculation Agent will, on behalf of the Issuer, make each Monthly Investor Report available electronically through its website at <https://investorreporting.gbm.hsbc.com> in accordance with the Calculation Agency Agreement.

OUTLINE OF THE PRINCIPAL TRANSACTION DOCUMENTS

1. Receivables Purchase Agreement

Pursuant to the Receivables Purchase Agreement, the Issuer will purchase Eligible Receivables and Related Collateral from the Seller: (a) comprised in the Initial Portfolio on the Issue Date; and (b) comprised in any Additional Portfolio on any Payment Date during the Revolving Period.

Pursuant to the Receivables Purchase Agreement, the Seller represents to the Issuer that each Purchased Receivable and the Related Collateral complies, on the Cut-Off Date immediately preceding the Issue Date (in the case of the Initial Portfolio) or the relevant Payment Date (in respect of any Additional Portfolio) (as applicable), with the Eligibility Criteria set out below under the heading "*ELIGIBILITY CRITERIA*".

Whilst the Customer is the registered keeper of the Financed Vehicle, the Seller remains the owner unless and until the Customer pays all amounts due in respect of the relevant Underlying Agreement. The Purchased Receivables include all amounts due under the relevant Underlying Agreements (including, for the avoidance of doubt, all Instalments 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 Related Collateral). The Purchased Receivables and any Related Collateral comprise full recourse claims against Customers (and, where applicable, the guarantors in relation to the Related Collateral) in respect of payments due under the Purchased Agreements and the Related Collateral.

Consideration

The consideration payable by the Issuer to the Seller for the sale of the Initial Portfolio is the Initial Portfolio Purchase Price and any Deferred Purchase Price. The Initial Portfolio Purchase Price is determined as at the Issue Date, as being an amount equal to the Aggregate Discounted Receivables Balance as at the immediately preceding Cut-Off Date.

The consideration for the sale of any Additional Portfolio will be the Issuer paying to the Seller an amount equal to the Additional Portfolio Purchase Price on the relevant Payment Date (being an amount equal to Aggregate Discounted Receivables Balance as at the immediately preceding Cut-Off Date and Deferred Purchase Price). During the Revolving Period, the Seller may (but is not obliged to) sell Receivables constituting Additional Portfolios to the Issuer.

If at any time after the Issue Date (in respect of the Initial Portfolio) or any Payment Date (in respect of any Additional Portfolio), the Seller (other than in its capacity as Servicer) holds or there is held to its order or it receives or there is received to its order, any moneys, property, interest, rights, title or benefit in or to or in respect of the benefit of the Initial Portfolio or any Additional Portfolios (including, without limitation, all moneys received (whenever paid) on or at any time after the relevant Cut-Off Date in respect of or referable to such Initial Portfolio or Additional Portfolio, as applicable) transferred to the Issuer on the Issue Date or Payment Date (or otherwise held on trust by the Seller for the Issuer under a Scottish Declaration of Trust (including, but not limited to, Vehicle Sales Proceeds)), the Seller shall forthwith account for the same to Issuer and until any of the same are so accounted for by the Seller, the Seller (to the extent that it does not act as Servicer) shall hold such moneys and such other property, interest, right, title or benefit upon trust for the Issuer.

The Issuer shall fund the purchase of Additional Portfolios on the relevant Payment Date from Available Distribution Amount **provided that** the Additional Portfolio Purchase Price payable in respect of such Additional Portfolios shall not be greater than the Available Distribution Amount available pursuant to the Pre-Enforcement Priority of Payments (which shall include amounts standing to the credit of the Replenishment Account).

Conditions to sale

The sale of the Initial Portfolio and any Additional Portfolio to the Issuer will in all cases also be subject to certain conditions as at the Issue Date and the relevant Payment Date. The conditions include that:

- (a) the Issuer pays the Initial Purchase Price or the Additional Portfolio Purchase Price, as applicable;
- (b) a Transfer Notice certified by an Authorised Signatory of the Seller to be true and accurate in all material respects is delivered from the Seller to the Issuer and the Trustee; and
- (c) the relevant Purchase Date will fall within the Revolving Period.

Undertakings given by the Seller

The Receivables Purchase Agreement and the Incorporated Terms Memorandum contain a number of undertakings by the Seller in respect of its activities relating to the Purchased Receivables and the related Financed Vehicles. These include an undertaking not to (except as provided in the Transaction Documents) sell, assign or otherwise dispose of, or create or suffer to exist any security interest or other right or adverse claim (especially, the filing of any financing statement) in respect of any related Underlying Agreement, Collections, Related Collateral or Financed Vehicles to which they relate, or assign any right to receive income in respect thereof or attempt, purport or agree to do any of the foregoing or anything which has a similar commercial effect.

In addition, the Seller has undertaken promptly (in each case after the relevant Financed Vehicle is in its possession or control) to sell any Financed Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Underlying Agreement and/or Credit and Collection Policy (except where the Purchased Receivable related to such Financed Vehicle shall have previously been repurchased by the Seller in accordance with the terms of the Receivables Purchase Agreement) and account for the proceeds of such sale to the Issuer pursuant to the Receivables Purchase Agreement.

None of the Issuer, the Trustee, the Arranger or the Managers 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 Purchase Agreement.

Representations and warranties given by the Seller

Under the Receivables Purchase Agreement, the Seller shall represent and warrant to the Issuer that: (a) each Receivable offered is eligible in accordance with the Eligibility Criteria on the Cut-Off Date immediately preceding: (i) the Issue Date (in the case of the Initial Portfolio); and (ii) the relevant Payment Date (in respect of each Additional Portfolio); and (b) on each date on which a Variation is agreed in respect of a Purchased Receivable, the Variation is not a Non-Permitted Variation.

Where any Purchased Receivables are determined to be in breach of any Receivables Warranties made by reason of an Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA, the CCA Compensation Payment shall be paid by the Seller to the Issuer by the end of the Monthly Period immediately following the Monthly Period in which such breach of Receivables Warranty was discovered subject to receipt by the Seller of notice from the Servicer of the CCA Compensation Amount. The "**CCA 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 thereof. For further information on the calculation of such CCA Compensation Amount please see further "*OVERVIEW OF THE TRANSACTION DOCUMENTS — Servicing Agreement*" below.

The Seller will repurchase any Non-Compliant Receivable not later than the end of the Monthly Period immediately following the Monthly Period in which the party discovering such breach gave written notice thereof to the others. The purchase price payable by the Seller to the Issuer in

consideration for the repurchase of a Non-Compliant Receivable shall be an amount equal to the Non-Compliant Receivables Repurchase Price.

In the case of a Purchased Receivable which did not exist as at the Issue Date or the Payment Date (as applicable), the Seller will not be obliged to repurchase the relevant Purchased Receivable but shall indemnify the Issuer and the 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 Issue Date or the relevant Payment Date (as applicable). 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 Discounted Receivables Balance of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties and (ii) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the APR in respect of such Purchased Receivable, as determined by the Servicer at the end of the immediately preceding Monthly Period.

Upon the occurrence of a final non-appealable judgment made in favour of a Customer who is a party to a group litigation against the Seller, by virtue of which such Customer has withheld payment of amounts due under their Underlying Agreement (or such amounts have otherwise been reduced), a Non-Permitted Variation shall be deemed to have occurred in relation to the relevant Purchased Receivable or its related contract, and the Seller shall be in breach of the Receivables Warranties. Upon the occurrence of such breach, the Seller shall be obliged to repurchase the relevant Purchased Receivable on or before the end of the Monthly Period immediately following the Monthly Period in which such deemed Non-Permitted Variation has occurred, for an amount equal to the Non-Compliant Receivable Repurchase Price.

If:

- (a) the Seller discovers that a Customer has withheld payment of any amount under the Underlying Agreement connected with a Service Pack Agreement, the Seller shall give a Set-Off Notice to, among others, the Issuer of such withheld amount(s); and
- (b) in any relevant Set-Off Notice, the Seller specifies that it accepts the amount which the Customer withholds,

a Non-Permitted Variation shall be deemed to have occurred in relation to such Purchased Receivable and the Seller shall be in breach of the Receivables Warranties. Upon the occurrence of such breach, the Seller shall be obliged to repurchase the relevant Purchased Receivable, for an amount equal to the Non-Compliant Receivables Repurchase Price, on or before the end of the Monthly Period immediately following the Monthly Period in which such Non-Permitted Variation occurred.

Seller indemnification obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables

On and following the occurrence of a PCP/VT Indemnification Trigger, the Seller shall, on the Cut-Off Date immediately following the date on which the Servicer has determined in accordance with the Credit and Collection Policy that any Purchased Receivable has become a PCP Handback Receivable or, as the case may, a Voluntarily Terminated Receivable (in each case, an "**Indemnified Receivable**") (such Cut-Off Date, the "**PCP/VT Indemnification Date**"), indemnify the Issuer in respect of the amount by which the aggregate Recoveries received by the Servicer in respect of all Indemnified Receivables in such PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables by paying the Issuer an amount equal to the PCP/VT Indemnification Amount.

The Seller will only be obliged to indemnify the Issuer in respect of any Indemnified Receivable, where such Indemnified Receivable is not a Defaulted Receivable.

Receivables Call Option

If the Servicer notifies the Issuer and the Trustee, or the Issuer notifies the Trustee, that a Purchased Receivable is an Indemnified Receivable, the Seller is entitled, subject to (a) the PCP/VT Indemnification Amount having been received by the Issuer from the Seller, and (b) such Indemnified Receivable being written off in accordance with the Seller's Credit and Collection

Policy, but prior to the occurrence of an Insolvency Event in respect of the Seller, to demand the repurchase of any Purchased Receivable, which has become an Indemnified Receivable. If the Seller exercises the Receivables Call Option in accordance with the Receivables Purchase Agreement, the Issuer shall be obliged to sell the relevant Indemnified Receivable to the Seller.

The purchase price payable by the Seller to the Issuer in consideration for the repurchase of an Indemnified Receivable shall be an amount equal to the Optional Repurchase Payment. The Seller is obliged to pay the Optional Repurchase Payment on the relevant repurchase date.

Immediately following the repurchase of a Purchased Receivable in accordance with the exercise of the Receivables Call Option by the Seller, the Issuer's interests in the relevant Indemnified Receivables will pass to the Seller.

Perfection Event

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

- (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 Operating 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 each Collection Account to the Operating Account; and/or
- (d) take such other action as it reasonably considers to be necessary, appropriate or desirable (including taking the benefit of title to the Financed Vehicles to the extent permitted by law and entering into further assignments of Purchased Receivables) 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, and
- (e) require that the Seller promptly notifies the Customers substantially in the form as set forth in the Receivables Purchases Agreement of the assignment of the Purchased Receivables and the Related Collateral.

Clean-Up Call Option

In the circumstances described in Condition 8.3 (*Clean-Up Call*) of the Conditions, the Seller may exercise the Clean-Up Call Option under the Receivables Purchase Agreement.

Realisation of Financed Vehicles

The Seller shall promptly (in each case after the relevant Financed Vehicle is in its possession or control) sell any Financed Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Underlying Agreement and/or Credit and Collection Policy (other than where the Purchased Receivable related to such Financed Vehicle has previously been repurchased by the Seller) and, further to the sale and assignment of the Purchased Receivables and Related Collateral to the Issuer in accordance with the Receivables Purchase Agreement, shall account to the Issuer for the Vehicle Sales Proceeds (for the avoidance of doubt, the Seller shall only sell the relevant Financed Vehicles at such time as would not result in a breach of the Underlying Agreement related to such Financed Vehicle) **provided that**, the Seller may delay a sale of any Financed Vehicles where to do so would, in the reasonable opinion of the Seller result in a maximisation of recoveries from the sale of the relevant Financed Vehicles.

Set Off Reserve Account

Upon the occurrence of a Set-Off Reserve Trigger Event, the Seller shall, within the Performance Period commencing on such occurrence, advance to the Issuer an amount equal to the Set-Off

Reserve Required Amount (as determined by the Servicer and notified to the Issuer and the Seller in writing), by depositing such amount to the Set-Off Reserve Account (the "**Set-Off Reserve Loan**"). The Set-Off Reserve Loan shall bear no interest and, for the avoidance of doubt, shall not be funded from any Collections.

If the Issuer receives notice from the Seller that a Set-Off Reserve Trigger Event has occurred and the Set-Off Reserve Account has not been opened at the time such notice is given, then the Issuer shall open the Set-Off Reserve Account with the Account Bank in accordance with the terms of the Account Bank Agreement prior to the expiration of the Performance Period and shall notify the details of such Set-Off Reserve Account to the Seller and the Trustee as soon as such account is opened.

On each Cut-Off Date, the Servicer shall determine the amount equal to the maximum aggregate value of the Service Pack Set-Off Amounts for each Monthly Period comprised in the Purchased Receivables for each such Monthly Period, provided that such amount shall at all times be a positive amount (the "**Set-Off Reserve Required Amount**"). If, following such determination (i) there is a Set-Off Reserve Excess Amount, the Issuer shall, outside of the applicable Priority of Payments, promptly pay to the Seller an amount equal to the relevant Set-Off Reserve Excess Amount from the Set-Off Reserve Account and the Set-Off Reserve Loan shall be reduced by such Set-Off Reserve Excess Amount; or (ii) there is a Set-Off Reserve Shortfall Amount, the Seller shall promptly deposit to the Set-Off Reserve Account an amount equal to such Set-Off Reserve Shortfall Amount and the Set-Off Reserve Loan shall be increased by Set-Off Reserve Shortfall Amount.

If the Seller does not comply with its obligation to repurchase the relevant Purchased Receivable if a Non-Permitted Variation relating to a breach of the Set-Off Notice is deemed to have occurred, the Issuer or, following the service of the Enforcement Notice, the Trustee shall be entitled to withdraw an amount corresponding to the relevant Service Pack Set-Off Amount from the Set-Off Reserve Account, and to apply such amount as Available Distribution Amount (or, as the case may be, as part of the Available Post-Enforcement Funds). Upon the Issuer or, following the service of the Enforcement Notice, the Trustee making such withdrawal, the Set-Off Reserve Required Amount shall be reduced by an amount corresponding to the amount so withdrawn.

Upon the occurrence of a Set-Off Reserve Return Event, the Issuer shall promptly pay all amounts standing to the credit of the Set-Off Reserve Account to the Seller and the obligations of the Issuer to repay the Set-Off Reserve Loan shall be discharged.

Governing Law

The Receivables Purchase Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law, except for certain aspects relating to the Scottish Receivables which shall be construed in accordance with Scots law.

2. Servicing Agreement

Pursuant to the Servicing Agreement between, among others, the Servicer, the Trustee, the Calculation Agent and the Issuer, the Servicer has the right and obligation to administer the Purchased Receivables and the Related Collateral, collect and, if necessary, enforce (or, whilst the Purchased Receivables are held subject to a Scottish Declaration of Trust, the Servicer will agree to service such Purchased Receivables on behalf of the Seller in its capacity as trustee thereunder acting upon the instruction of the Issuer in its capacity as beneficiary thereunder) the Purchased Receivables and Related Collateral and pay all proceeds to the Issuer.

Obligations of the Servicer

The Servicer will act as agent of the Issuer under the Servicing Agreement. The duties of the Servicer include the assumption of servicing, collection, administrative and enforcement tasks and specific duties set out in the Servicing Agreement (the "**Services**").

Under the Servicing Agreement, the Servicer will, *inter alia*:

- (a) collect any and all amounts payable, from time to time, by the Customers under or in relation to the Underlying Agreements as and when they fall due;

- (b) identify the Collections and identify the amount of such Collections;
- (c) collect all Collections (including any proceeds from the sale, as applicable, of any Financed Vehicles) and ensure payment of all sums due under or in connection with the Purchased Receivables and the Related Collateral;
- (d) give, on the relevant Payment Date, directions to its relevant bank from time to time as the case may be with respect to the on-payment of Collections (including any proceeds from the sale, as applicable, of any Financed Vehicles);
- (e) endeavour to seek Recoveries due from Customers in accordance with the Credit and Collection Policy;
- (f) keep Records in relation to the Purchased Receivables which can be segregated from all other Records of the Servicer relating to other receivables made or serviced by such Servicer otherwise;
- (g) keep Records for all taxation purposes and provide, subject to the provisions of the Data Trust Agreement, such information to the Issuer's tax advisers upon request;
- (h) hold, subject to the provisions of the Data Trust Agreement, all Records relating to the Purchased Receivables in its possession to the order of the Issuer and co-operate with the Data Trustee, the Trustee or any other party to this Transaction to the extent required under or in connection with the collection or servicing of the Purchased Receivables and the Related Collateral;
- (i) release on behalf of the Issuer any Related Collateral in accordance with its Credit and Collection Policy;
- (j) enforce the Issuer's right, title and interest in, to and under the Related Collateral in accordance with the Credit and Collection Policy and apply the enforcement proceeds to the relevant Purchased Receivables, and insofar as such enforcement proceeds are applied to Purchased Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Account;
- (k) (i) to the extent permitted by the relevant Customers, realise insurance claims against the relevant insurance companies, in accordance with the respective Insurance Agreements relating to the Financed Vehicle pertaining to the Purchased Receivables administered by the Seller; or (ii) obtain from the relevant Customer the proceeds of insurance claims against the relevant insurance companies made and received by the relevant Customer in accordance with the respective Insurance Agreements relating to the Financed Vehicle pertaining to the Purchased Receivables administered by the Seller, in the case of both (i) and (ii), in accordance with the Credit and Collection Policy. For the avoidance of doubt, the Servicer is not required to monitor the compliance by a Customer with the insurance provisions and is not liable for any failure by a Customer to comply with such provisions;
- (l) make available a preliminary Monthly Investor Report no later than on each Reporting Date to the Calculation Agent and, if required, rectify such Monthly Investor Reports, **provided that** in any event the provisions of the Data Trust Agreement shall be observed;
- (m) procure that the Calculation Agent will, in accordance with the Calculation Agency Agreement, make available electronically through its website at <https://investorreporting.gbm.hsbc.com>, each final Monthly Investor Report to the Trustee, the Principal Paying Agent, the Interest Determination Agent, the Subordinated Lender, the Servicer (and the Seller, if different), the Issuer and, if required, the Rating Agencies (the "**Required Recipients**"). The Calculation Agent shall procure that the Required Recipients shall receive an email alerting them to the presence of each final Monthly Investor Report being made available, when it is made available pursuant to this Clause (m), subject to the Required Recipients registering and remaining registered on <https://investorreporting.gbm.hsbc.com> and opting to receive said emails;

- (n) make available and publish each UK SR Investor Report to the UK SR Repository and each EU SR Investor Report to the EU SR Repository no later than one month following the due date for the payment of interest;
- (o) promptly upon request by the Issuer and the Trustee, the Servicer shall procure (on behalf of the Issuer) that any notices which the Issuer or the Trustee may require the Seller to give pursuant to the Receivables Purchase Agreement are so given by the Servicer on the Issuer's behalf;
- (p) on or about each Payment Date update the encrypted Portfolio Information as described in the Receivables Purchase Agreement and send the updated encrypted Portfolio Information to the Issuer; and
- (q) assist the Issuer to do all such acts and execute all such documents to ensure compliance with any clearing, reporting or other obligations as may be required by the Issuer under EU EMIR or UK EMIR (or any amended or successor provisions) in respect of any Transaction Document (including any replacement swap).

The Servicer will administer the Purchased Receivables in accordance with its respective standard procedures, set out in its Credit and Collection Policy for the administration and enforcement of its own commercial and consumer loans and related collateral, subject to the provisions of the Servicing Agreement and the Receivables Purchase Agreement. The Servicer will ensure that it has all required licences, approvals, authorisations and consents which are necessary or desirable for the performance of its duties under the Servicing Agreement.

Use of Third Parties

As long as BMW FS remains the Servicer, 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 BMW FS remaining liable for the actions of any such third party.

Servicing Fee and Reimbursement of Enforcement Expenses

BMW FS as the Servicer will not receive any servicing fee. Any substitute Servicer (other than if such substitute Servicer is any Affiliate of BMW FS) is entitled to the payment of the Servicing Fee 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. The Servicing Fee will be paid by the Issuer in monthly instalments on each Payment Date with respect to the immediately preceding Monthly Period in arrear.

Cash Collection Arrangements

The Servicer shall use all endeavours to realise all Collections and to ensure payment of all sums due under or in connection with the Purchased Receivables and the Related Collateral on behalf of the Issuer and will on behalf of the Issuer enforce all covenants and obligations of the relevant Customers assigned to the Issuer in the same manner as the Servicer does in relation to its receivables generally and, in particular, in accordance with the Credit and Collection Policy.

The Servicer will, **provided that** no Servicer Termination Event has occurred and is continuing and that the appointment of the Servicer has not been terminated, be entitled to commingle the Collections and any other amount received with its own funds. However, the Servicer shall procure that, in relation to each relevant Purchased Receivable, all Collections shall be on-paid to, and deposited into, the Operating Account no later than 11:00 a.m. CET on the Payment Date relating to the relevant Monthly Period and prior thereto, the Servicer may (at its discretion) transfer such Collections to an account of the BMW Group in clause 4 (*Realisation of Collections and on-Payment to Issuer*) of the Servicing Agreement (provided, for the avoidance of doubt, that such Collections shall not be treated as having been accounted for until such time that they are deposited to the Operating Account). To the extent any amounts are then due and payable to the Seller by the Issuer on such transfer date, the Servicer is entitled to transfer the net amount to the Operating Account.

Commingling Reserve Account

For so long as BMW FS remains Servicer, before the occurrence of a Servicer Termination Event and until termination of the appointment of BMW FS as Servicer pursuant to the terms of the Servicing Agreement, the Servicer is entitled to commingle any Collections with its own funds.

If a Commingling Reserve Trigger Event occurs, the Servicer shall, within sixty (60) calendar days of the date on which that event occurs (the "**Performance Period**"), notify the Issuer in writing that it elects either (i) with effect from the date of such notice, to transfer any Collections to the Operating Account no later than (2) Business Days after the date of receipt of such Collections; or (ii) to advance to the Issuer (no later than the last day of such Performance Period) such amount or amounts as (taking into account any previous advance which has been made for such purpose, except to the extent that such amount has been repaid) to ensure that the amount standing to the credit of the Commingling Reserve Account is equal to the Commingling Reserve Required Amount from time to time.

If the Issuer receives notice from the Servicer specifying that the Servicer has elected to advance any amount to the Issuer pursuant to (ii) above and the Commingling Reserve Account has not been opened, then the Issuer shall open the Commingling Reserve Account with the Account Bank in accordance with the terms of the Account Bank Agreement prior to the expiration of the Performance Period and shall notify the details of such Commingling Reserve Account to the Servicer and the Trustee as soon as such account is opened.

For so long as such Commingling Reserve Trigger Event prevails, the Servicer shall have the right to switch between the above options by written notice to the Issuer.

If, upon the occurrence of a Commingling Reserve Trigger Event, the Servicer notifies the Issuer that it wishes to make any advance to the Issuer then it shall make the relevant advance no later than the last day of the relevant Performance Period. Any further advance which is required to be made to ensure that the amount standing to the credit of the Commingling Reserve Account is equal to the Commingling Reserve Required Amount shall be made on the Payment Date on which, if that further advance were not made, the amount standing to the credit of the Commingling Reserve Account would, but for such advance, be less than the Commingling Reserve Required Amount on that Payment Date.

If the Servicer fails to advance (or to adjust, if required) such Commingling Reserve Required Amount as required above within five (5) Business Days from the due date, a Servicer Termination Event will occur.

Upon the occurrence of a Servicer Termination Event, and while such Servicer Termination Event is continuing, the Issuer shall be entitled to debit an amount equal to any Servicer Shortfall from the Commingling Reserve Account, and to treat that amount as part of the Available Distribution Amount, or after the service of an Enforcement Notice, the Available Post-Enforcement Funds.

If, on any Cut-Off Date immediately preceding any Payment Date following the occurrence of a Commingling Reserve Trigger Event and while such Commingling Reserve Trigger Event is continuing, but prior to the service of an Enforcement Notice, the Servicer shall notify the Issuer of any Commingling Reserve Excess Amount, and, if the Issuer is so notified, it shall repay an amount equal to such Commingling Reserve Excess Amount to the Servicer on the next following Business Day (or such other date agreed between the Issuer and the Servicer). For the avoidance of doubt, such payment shall be made outside of the Pre-Enforcement Priority of Payments.

Any remaining amount standing to the credit of the Commingling Reserve Account, after or on the date on which the Issuer has determined that: (i) no Servicer Shortfall exists and no further Servicer Shortfalls are expected to occur; and (ii) no Commingling Reserve Trigger Event is still continuing, shall be repaid to the Servicer on the next following Business Day (or such other date agreed between the Issuer and the Servicer). For the avoidance of doubt, such payment shall be made outside of the Pre-Enforcement Priority of Payments. The Servicer shall not make any deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Commingling Reserve Account any amounts other than the Commingling Reserve Required Amount.

Upon the service of an Enforcement Notice, the amounts standing to the credit of the Commingling Reserve Account not used to cover any Servicer Shortfall shall form part of the Available Post-

Enforcement Funds and shall be repaid in accordance with the Post-Enforcement Priority of Payments.

Information and Regular Reporting

The Servicer will keep safe and use all reasonable endeavours to maintain Records in relation to each Purchased Receivable and its Related Collateral in computer readable form. The Servicer will notify the Issuer, the Calculation Agent, the Principal Paying Agent, the Trustee and the Rating Agencies of its intention to adversely change its administrative or operating procedures relating to the keeping and maintaining of Records. Any such adverse change requires, prior to its implementation, the prior written consent of the Issuer and the Trustee and the prior written notification to the Rating Agencies of such adverse change. For this purpose, "**adverse change**" means a material change to the respective administrative or operative procedures that has, or could have, a negative impact on the collectability or enforceability of the Purchased Receivables.

The Issuer and the Seller, as the originator within the meaning of the UK Securitisation Regulation and the EU Securitisation Regulation (as in force on the Issue Date), have agreed that the Issuer is the designated entity for the purposes of the Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as in force on the Issue Date). The Issuer has delegated its obligations under the Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) to the Servicer under the Servicing Agreement. The Servicer will (on behalf of the Issuer) publish (i) the UK SR Investor Report as required by and in accordance with Article 7(1)(a) and Article 7(1)(e) of the UK Securitisation Regulation and (ii) the EU SR Investor Report in accordance with Article 7(1)(a) and Article 7(1)(e) of the EU Securitisation Regulation (as in force on the Issue Date) **provided always that** (a) the disclosure requirements under Article 7 of the EU Securitisation Regulation apply (as in force on the Issue Date) only until such time when the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the disclosure requirements under Article 7 of the UK Securitisation Regulation will also satisfy the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) due to the application of an equivalency regime or similar analogous concept and (b) to the extent that, after the Issue Date, there is any divergence between the disclosure requirements under Article 7 of the UK Securitisation Regulation and the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date), the Servicer shall only continue to comply with the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) (as if such provisions were applicable to it) on a reasonable efforts basis.

The UK SR Investor Reports will be published in accordance with Article 7(3) and 7(4) of the UK Securitisation Regulation, respectively, in the form prescribed by the technical standard published under the UK Securitisation Regulation. The EU SR Investor Reports will be published in accordance with Article 7(3) and 7(4) of the EU Securitisation Regulation (as in force on the Issue Date), respectively, in the form prescribed by the technical standard published under the EU Securitisation Regulation (as in force on the Issue Date).

The Issuer and the Servicer (if required) may agree in writing the form, content, method of distribution and frequency of the reporting contemplated under the Servicing Agreement. The Servicer must use commercially reasonable endeavours to update the format of the UK SR Investor Reports and the EU SR Investor Reports to include any field reasonably requested by the Issuer.

The Servicer shall publish each UK SR Investor Report to the UK SR Repository and each EU SR Investor Report to the EU SR Repository.

The information referred to above will through the UK Repository and the EU SR Repository, as applicable, be available to the Noteholders, relevant competent authorities and, upon request, to potential investors in the Notes.

The Issuer and the Servicer shall consult in good faith regarding the reporting contemplated under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) and may agree in writing any changes to the form, content, method of distribution and frequency of the UK SR Investor Reports and the EU SR Investor Reports in order to ensure compliance with requirements of Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) read together with the any applicable technical standards. If any changes are agreed, the Issuer and the Servicer may enter

into any amendment agreement to the Servicing Agreement to give effect to such changes (as the case may be).

In addition the Servicer will prepare (on behalf of the Issuer) the monthly investor reports (each a "**Monthly Investor Report**") which shall include certain relevant performance information and shall procure that the Calculation Agent, on behalf of the Issuer, will make each Monthly Investor Report available electronically through its website at <https://investorreporting.gbm.hsbc.com> in accordance with the Calculation Agency Agreement.

Termination of Underlying Agreements and Sale of Financed Vehicles

In relation to (i) any termination of an Underlying Agreement in the Portfolio following default by the Customer; (ii) any sale of a Financed Vehicle following such termination; (iii) any early payment of all amounts outstanding under an Underlying Agreement in the Portfolio by the relevant Customer prior to the original maturity of the relevant Underlying Agreement; or (iv) any voluntary surrender by a Customer of the Financed Vehicle to which such Underlying Agreement relates prior to the scheduled maturity of the relevant Underlying Agreement, the Servicer will at all times materially comply with the relevant provisions of the Credit and Collection Policy.

Termination of appointment of the Servicer

Under the Servicing Agreement, the Issuer (prior to the delivery of an Enforcement Notice or notice that the Trustee has taken any action to enforce the Security) with the written consent of the Trustee, or the Trustee itself (after delivery of an Enforcement Notice or notice that the Trustee has taken any action to enforce the Security) may at any time after the occurrence of a Servicer Termination Event terminate the appointment of the Servicer and designate as a successor Servicer any Person that is a Suitable Entity and to succeed the Servicer **provided that** such termination of the Servicer shall not become effective until a successor Servicer has been appointed that is a Suitable Entity.

Pursuant to the terms of the Servicing Agreement, Wilmington Trust SP Services (London) Limited has agreed that, upon the occurrence of a Servicer Termination Event, it will act as back-up servicer facilitator (the "**Back-Up Servicer Facilitator**") and facilitate the appointment of a suitable entity with all necessary facilities available to act as successor servicer and will use reasonable efforts to ensure that such entity enters into a successor servicing agreement, the terms of which are similar to the terms of the Servicing Agreement.

Pursuant to the provisions of the Servicing Agreement, if a Perfection Event occurs, the Servicer shall, if instructed by the Issuer or the Trustee, promptly deliver a Perfection Event Notice to the relevant Customers.

The outgoing Servicer and the Issuer will execute such documents and take such actions (at the cost of the Issuer) as the Issuer may require for the purpose of transferring to the successor or replacement Servicer the rights and obligations of the outgoing Servicer, assumption by any successor or replacement Servicer of the specific obligations of successor or replacement Servicers under the Servicing Agreement and releasing the outgoing Servicer from its future obligations under the Servicing Agreement. Upon termination of the Servicing Agreement with respect to the Servicer and the appointment of a successor or a replacement Servicer, the Servicer will transfer to the successor Servicer or any other successor or replacement Servicer all Records and any and all related material, documentation and information which the successor Servicer may reasonably request.

Any termination of the appointment of the Servicer or of a successor or replacement Servicer will be notified by the Issuer (acting through the Corporate Services Provider) to the Managers, the Rating Agencies, the Trustee, the Calculation Agent, the Interest Determination Agent, the Account Bank, the Data Trustee and the Principal Paying Agent.

Administrator Incentive Recovery Fee

Pursuant to the terms of the Servicing Agreement, upon the occurrence of an Insolvency Event with respect to the Seller, the Servicer will, to the extent required, negotiate the variable component of the Administrator Incentive Recovery Fee with the Seller's Insolvency Official with a view to maximising Recoveries where the Insolvency Official disposes of, arranges for the disposal of or

otherwise assists with the disposal of the relevant Financed Vehicles. For further information please refer to the Risk Factor entitled "*VI. Legal and regulatory risks relating to the Purchased Receivables — No right, title or interest in the Financed Vehicles*".

Variations to Contracts

Pursuant to the terms of the Servicing Agreement, BMW FS 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 contract and the Credit and Collection Policy; and
- (b) not a Non-Permitted Variation,

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

A "**Non-Permitted Variation**" means, in respect of any Underlying Agreement:

- (a) any Purchased Receivable, payable under such Underlying Agreement, is reduced or negatively affected due to any early termination of the relevant Underlying Agreement agreed upon by the parties thereto other than in accordance with the requirements of the CCA; or
- (b) the Purchased Receivable, payable under such Underlying Agreement, is materially reduced or materially affected due to any material modification and/or material reduction to the cash flow or payment plan of the relevant Underlying Agreement (other than: (i) any rescheduling of any Instalments which the Servicer is obligated to make pursuant to the CCA; or (ii) any modifications required in respect of any Non-Defaulted Receivables Losses incurred in respect of any Purchased Receivable; or (iii) any modifications made following an agreed change to the mileage limit applicable to the Underlying Agreement to the extent this does not result in a change to the balloon payment in relation to an Underlying Agreement); or
- (c) the entry by the Seller into a modifying agreement with a Customer on the refinancing of a balloon payment in relation to an Underlying Agreement,

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

If BMW FS 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 Monthly Period immediately following the Monthly Period in which such Non-Permitted Variation occurred. 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 Purchase Agreement.

Calculation of CCA Compensation Amount

In calculating the CCA Compensation Amount the Servicer has agreed to calculate the loss (if any) that has arisen to the Issuer solely as a result of any Purchased Receivable or the Related Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA. 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, 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 and on the assumption that all amounts under the Purchased Receivable and Underlying Agreement (including any option fees) would have been paid on a timely basis in full by the Customer (and disregarding any consideration as to the credit worthiness of the Customer) and including any amounts that would have accrued

to the Issuer from the date on which such Related Underlying Agreement, was determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law, except that any terms of the Servicing Agreement which are particular to Scots law shall be construed in accordance with the laws of Scotland.

3. **Collection Accounts Declarations of Trust**

The "**Collection Accounts**" are collection accounts held with the Collection Account Bank (a) in the name of BMW AG with account number 10001996 and sort code 40-41-70 ("**Collection Account A**"); (b) in the name of the Seller with account number 60001953 and sort code 40-41-70 ("**Collection Account B**"); and (c) in the name of ALPHERA Financial Services with account number 60001961 and sort code 40-41-70 ("**Collection Account C**"), into which the Servicer directs payment collections in respect of the Portfolio.

The Seller will enter into the Collection Accounts Declarations of Trust pursuant to which the Seller agrees to declare a trust over and hold on trust all amounts standing to the credit of each Collection Account (the "**Collection Account Trust Property**") on trust for *inter alios* 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 private warehousing purposes) and itself absolutely (the "**Collection Accounts Declarations of Trust**"). The Seller shall hold upon trust the Collection Account Trust Property in the following proportions:

- (a) the Issuer share of each Collection Account Declaration of Trust shall be an amount equal to amounts from time to time standing to the credit of each Collection Account to the extent that such amounts represent payments into the relevant Collection Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of amounts standing to the credit of the relevant Collection Account) (the "**Issuer Share**");
- (b) from time to time, further beneficiaries may accede to the terms of the Collection Accounts Declarations of Trust where they have acquired a portfolio of loans from the Seller (each a "**Collection Account Beneficiary**"). Each Collection Account Beneficiary's share of the Collection Accounts Declarations of Trust shall be an amount equal to amounts from time to time standing to the credit of each Collection Account to the extent that such amounts represent payments into the relevant Collection Account derived from or resulting from the receivables purchased by such Collection Account Beneficiary (but excluding any interest arising in respect of amounts standing to the credit of the relevant Collection Account) (the "**Collection Account Beneficiary Share**"); and
- (c) the Seller share of the Collection Accounts Declarations of Trust shall be an amount equal to all amounts from time to time standing to the credit of each Collection Account to the extent such amounts represent amounts other than the Issuer Share or Collection Account Beneficiary Share (the "**Seller Share**").

The Seller has agreed that the Issuer Share will be distributed to the Issuer in accordance with the terms of each Collection Account Declaration of Trust and acknowledges and agrees that the Seller Share and Collection Account Beneficiary Shares shall be distributed to the other beneficiaries of each Collection Account Declaration of Trust. The Seller will further acknowledge that it has no right at any time to pay, set-off or transfer any of the Issuer Share in or towards satisfaction of the liabilities of the Seller.

4. **Subordinated Loan Agreement**

Pursuant to the Subordinated Loan Agreement, a committed subordinated term loan will be made available to the Issuer by the Subordinated Lender. Pursuant to the terms of the Subordinated Loan Agreement, the Issuer will have to draw an amount of £7,200,000 on the Issue Date, which the Issuer will apply to fund the initial Required Cash Reserve Amount of £7,200,000 on the Issue Date. The Required Cash Reserve Amount credited to the Cash Reserve Account will be used to

cover losses arising as a consequence of any Purchased Receivables becoming Defaulted Receivables, but only with respect to interest payments on the Notes unless, following the end of the Revolving Period, the Available Distribution Amount, together with the balance credited to the Cash Reserve Account, would suffice to reduce the Class B Outstanding Note Balance to zero on any date or, if earlier, on the Legal Final Maturity Date, in which case also with respect to principal payments on the Notes. The Subordinated Lender will undertake to grant and keep outstanding the Subordinated Loan and not to sell and/or transfer and/or hedge the Subordinated Loan (whether in full or in part) for the life of the Transaction in order to comply with the UK Risk Retention Requirements.

All payments of principal and interest payable by the Issuer to the Subordinated Lender will be made free and clear of, and without any withholding or deduction for or, on account of, tax (if any), unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, the Issuer will not be obliged to pay any additional or further amounts as a result thereof.

The Subordinated Loan will constitute limited recourse obligations of the Issuer. The Subordinated Lender will also agree under the Subordinated Loan Agreement not to take any corporate action or any legal proceedings regarding some or all of the Issuer's revenues or assets, and not to have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under the Subordinated Loan Agreement by the Issuer. All of the Issuer's obligations to the Subordinated Lender will be subordinated to the Issuer's obligations in respect of the Notes. The claims of the Subordinated Lender will be secured by the Security, subject to the applicable Priority of Payments. If the net proceeds, resulting from the Security becoming enforceable in accordance with the Deed of Charge, are not sufficient to pay all Secured Parties, payments of all other claims ranking in priority to the Subordinated Loan will be made first in accordance with the Post-Enforcement Priority of Payments and no other assets of the Issuer will be available for payment of any shortfall to the Subordinated Lender. Claims in respect of any such remaining shortfall will be extinguished.

5. **Data Trust Agreement**

Pursuant to the terms of the Receivables Purchase Agreement, the Seller will deliver to the Data Trustee the Portfolio Decryption Key in relation to the encrypted Portfolio Information. Pursuant to the Data Trust Agreement, the Data Trustee will keep the Portfolio Decryption Key in safe custody and will protect it against unauthorised access by third parties.

The Data Trustee will, upon written request from (as appropriate) the Issuer, the Servicer or the Trustee, release the Portfolio Decryption Key, as required and necessary to (a) the Trustee or a successor Servicer; or (b) any agent of the Trustee or the successor Servicer, always **provided that** such agent is compatible with the Data Protection Legislation or any other Requirement of Law, in each case of (a) or (b), if (i) the Seller directs the Data Trustee in writing to do so; (ii) any of the Issuer, the Seller or the Trustee has notified the Data Trustee in writing that the appointment of the Servicer under the Servicing Agreement has been terminated; (iii) any of the Issuer, the Seller or the Trustee has notified the Data Trustee in writing that (A) knowledge of the data at the time of the disclosure is necessary for the Issuer (acting through the successor Servicer referred to under (a) and (b) above) to pursue legal remedies with regard to proper legal enforcement, realisation or preservation of any Purchased Receivables or Related Collateral or other claims and rights under the relevant Underlying Agreement and (B) the prosecution of legal remedies through the Servicer to enforce, realise or preserve the Purchased Receivables or the Related Collateral or other claims and rights under the relevant Underlying Agreements (including the security interests to the Financed Vehicles) is inadequate to preserve the rights of the Issuer; (iv) the Issuer, the Seller, or the Trustee has notified the Data Trustee in writing that a Perfection Event has occurred; or (v) the Issuer has notified the Data Trustee in writing that notification of the assignment of the Purchased Receivables to the Customers which owe such Receivables is necessary to protect its justified interests.

If the Data Trustee is informed that the Trustee has delivered an Enforcement Notice to the Issuer, the Data Trustee will deliver the Portfolio Decryption Key. Pursuant to the Data Trust Agreement, the Data Trustee will fully co-operate with the Issuer, the Trustee and any of the Issuer's and the Trustee's agents that are compatible with the Data Protection Legislation or any other Requirement of Law and will in particular use its best endeavours to ensure that the Portfolio Decryption Key is duly and swiftly delivered to the Trustee or the successor Servicer or an agent thereof so that all information necessary in respect of the Customers to permit timely Collections is available.

6. **Bank Account Agreement**

Pursuant to the Bank Account Agreement entered into between the Issuer, the Trustee and the Account Bank, each of the Operating Account, the Cash Reserve Account, the Retained Profit Account and the Replenishment Account have been opened with the Account Bank on or prior to the Issue Date, and each of the Commingling Reserve Account, the Counterparty Downgrade Collateral Account and the Set-Off Reserve Account may be opened with the Account Bank following the Issue Date. The Account Bank will comply with any written direction of the Issuer to effect a payment by debit from any of the Issuer Accounts (including the Commingling Reserve Account, the Counterparty Downgrade Collateral Account and the Set-Off Reserve Account, as and when applicable) if such direction is in writing and complies with the relevant account arrangements between the Issuer and the Account Bank and is permitted under the Bank Account Agreement.

Any amounts standing to the credit of any of the Issuer Accounts will bear or be charged (as applicable) interest as agreed between the Issuer and the Account Bank from time to time, always in accordance with the applicable provisions (if any) of the relevant account arrangements, such interest to be calculated and credited or debited (as applicable) to the respective account in accordance with the Account Bank's usual procedure for crediting interest to such accounts. Any negative interest charged is subject to a floor. The interest earned (if any) on the amounts credited to the Operating Account, the Cash Reserve Account, the Replenishment Account, the Retained Profit Account and the Set-Off Reserve Account during the relevant Monthly Period is part of the Available Distribution Amount.

Under the Bank Account Agreement, the Account Bank waives any right it has or may acquire to combine, consolidate or merge any of the Issuer Accounts with each other or any other account of the Issuer, or any liabilities of the Issuer, the Servicer or the Trustee to the Account Bank and agrees that it will not set-off or transfer any sum standing to the credit of or to be credited to any of the Issuer Accounts in or towards satisfaction of any liabilities to the Account Bank of the Issuer, or the Trustee.

If at any time the Account Bank ceases to be an Eligible Counterparty, it shall at its own cost (subject to a cap) and within sixty (60) calendar days after ceasing to be an Eligible Counterparty (i) replace itself with a bank which is an Eligible Counterparty, or (ii) find an irrevocable and unconditional guarantor with (x) a short-term, deposit rating of at least F1 (or its replacement) by Fitch (or, if it does not have a short-term deposit rating assigned by Fitch, a short-term credit rating of at least F1 (or its replacement) by Fitch) or a long-term deposit rating of at least A (or its replacement) by Fitch (or, if it does not have a long-term deposit rating assigned by Fitch, a long-term unsecured, unsubordinated and unguaranteed debt obligations rating at least A (or its replacement) by Fitch), (y) a short-term deposit rating (or, if it does not have a short-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated short-term debt obligations rating) of at least P-1 (or its replacement) by Moody's or a long-term deposit rating (or, if it does not have a long-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating) of at least A2 (or its replacement) by Moody's or, in each case such other rating as is otherwise acceptable to the relevant Rating Agency from time to time as would maintain the then current rating of the Rated Notes rated by it, or (iii) take any other action in order to maintain the rating of the Rated Notes or to restore the rating of the Rated Notes. In each case of (i) or (ii) above, the Account Bank will continue to provide services under the Bank Account Agreement in any case until and unless an Eligible Counterparty as successor Account Bank is validly appointed. In addition, the outgoing Account Bank shall reimburse (on a *pro rata* basis) to the Issuer any up-front fees paid by the Issuer for periods after the date on which the substitution of the Account Bank is taking effect.

7. **Swap Agreement**

The Issuer will, on or about the Issue Date, enter into a Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will hedge its interest rate exposure resulting from receiving a fixed rate of interest under the Purchased Receivables and having floating rate interest obligations under the Class A Notes. Under the Swap Agreement, on each Payment Date, the Issuer will owe the Swap Fixed Interest Rate applied to the Swap Notional Amount and the relevant day count fraction and the Swap Counterparty will pay the Swap Floating Interest Rate determined by reference to Compounded Daily SONIA as determined by the ISDA Calculation

Agent in respect of the Interest Period immediately preceding such Payment Date, applied to the Swap Notional Amount and the relevant day count fraction. Payments under the Swap Agreement will be made on a net basis by the Issuer or the Swap Counterparty depending on which party will, from time to time, owe the higher amount. In the absence of defaults or termination events under the Swap Agreement, the interest rate hedge will remain in full force until the Swap Termination Date being the earlier of (i) the Clean-Up Call Settlement Date; (ii) the Legal Final Maturity Date and (iii) the date on which the Class A Notes are otherwise redeemed in full in accordance with the Conditions.

Pursuant to the Swap Agreement, if the Swap Counterparty ceases to be an Eligible Swap Counterparty, the Swap Counterparty will (A) provide eligible collateral in the form and substance in accordance with the terms of the Swap Agreement (if applicable); and (B) where required by the Swap Agreement as a result of such downgrade, use commercially reasonable endeavours, within the time period specified in the Swap Agreement and at its own cost, to (i) transfer all its rights and obligations to a replacement third party that is an Eligible Swap Counterparty; (ii) procure another person that has the required ratings to irrevocably and unconditionally guarantee the obligations of the Swap Counterparty under the Swap Agreement or (iii) take other remedial action (which may include no action) in accordance with the terms of the Swap Agreement.

In the event that the Swap Counterparty will post cash collateral to the Issuer, the Issuer has opened a Counterparty Downgrade Collateral Account in which the Issuer will hold such cash collateral received from the Swap Counterparty pursuant to the Swap Agreement. The Counterparty Downgrade Collateral Account will be interest bearing and segregated from the Issuer Account and the general cash flow of the Issuer. Amounts standing to the credit of the Counterparty Downgrade Collateral Account will not constitute Collections. Furthermore, the Issuer undertakes to the Swap Counterparty to maintain a specific account in respect of the cash collateral and such cash collateral will secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement and will not secure any obligations of the Issuer. Any amount in excess of such obligations or otherwise owing to the Swap Counterparty pursuant to section 6 (*Early Termination*) paragraph (d) (*Calculations*) of the Swap Agreement, and any interest received on the collateral that is payable to the Swap Counterparty in accordance with the terms of the Swap Agreement, shall not be available to other Transaction Parties and shall be paid to the Swap Counterparty outside of any Priority of Payments.

8. **Deed of Charge**

On the Issue Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Trustee.

Under the terms of the Deed of Charge, the Issuer with full title guarantee, in favour of the Trustee for the Trustee itself and on trust for the Secured Parties will:

- (a) assign absolutely the Benefit of all Purchased Receivables and any Related Collateral and all rights, claims and interests relating thereto;
- (b) grant an assignation in security of the Issuer's interest in the Scottish Receivables (comprising the Issuer's beneficial interest under the trust declared by the Seller pursuant to any Scottish Declaration of Trust) (such assignation to be constituted pursuant to the assignation in security entered into by the Issuer in favour of the Trustee in accordance with the terms of the Deed of Charge);
- (c) assign absolutely the Benefit of all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Seller or the Servicer and/or any other party pursuant to or in respect of the Receivables Purchase Agreement or the Servicing Agreement, including all rights of the Issuer relating to any additional security;
- (d) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Subordinated Lender and/or any other party pursuant to or in respect of the Subordinated Loan Agreement;
- (e) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Calculation Agency Agreement;

- (f) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Swap Counterparty pursuant to or in respect of the Swap Agreement;
- (g) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Managers and/or any other party pursuant to or in respect of the Subscription Agreement;
- (h) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in respect of each Collection Account Declaration of Trust;
- (i) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Account Bank, the Collection Account Bank and/or any other party pursuant to or in respect of the Bank Account Agreement;
- (j) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Paying Agent and/or the Registrar and/or the Interest Determination Agent pursuant to the Agency Agreement;
- (k) assign absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Corporate Services Provider pursuant to the Corporate Services Agreement;
- (l) charge by way of first fixed charge the Benefit of all present and future rights, claims and interests in or in relation to any amounts standing to the credit of the Charged Accounts; and
- (m) charge, in favour of the Trustee for the Trustee itself and on trust for the Secured Parties, by way of first floating charge the whole of its undertaking and all its property, assets and rights whatsoever and wheresoever present and future including; (i) its uncalled capital, (ii) the Benefit of each Permitted Investment and (iii) all of the Issuer's property, assets and rights situated in Scotland or otherwise subject to Scots law.

The Security shall only become enforceable on the service of an Enforcement Notice pursuant to Condition 11 (*Events of Default*). The Deed of Charge will set out the procedures by which the Trustee may take steps to enforce the Security.

For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default. The Trustee is required to ensure that any amounts deposited or investments made by it in accordance with the provisions of the Deed of Charge are, where applicable, held in accordance with the requirements of Article 21(4)(a) of the UK Securitisation Regulation.

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 (other than the assignation in security referred to above which will be governed by Scots law).

9. Trust Deed

On or about the Issue Date, the Issuer and the Trustee will enter into the Trust Deed pursuant to which the Issuer and the Trustee will agree that the Notes are subject to the provisions in the Trust Deed. The Conditions and the forms of each Class of Notes are each constituted by, and set out in, the Trust Deed.

The Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee (together with related VAT, if any) to the Trustee for its services under the Trust Deed at the rate and times agreed

between the Issuer and the Trustee together with payment of any liabilities incurred by the Trustee in relation to the Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

The Trustee may retire after giving not less than sixty (60) calendar days' notice in writing to the Issuer. Further, the Most Senior Class of Notes may, by an Extraordinary Resolution, remove the Trustee.

The retirement or removal of the Trustee shall not become effective unless there remains at least one Trustee under the Trust Deed and the Issuer will covenant in the Trust Deed to use all reasonable endeavours to procure the appointment of a new Trustee after the resignation or removal of the existing Trustee. If the Issuer has failed to appoint a replacement Trustee prior to the expiry of the notice period given by the Trustee, the outgoing Trustee will be entitled to nominate a successor which shall be approved by an Extraordinary Resolution of the Most Senior Class of Notes. The Rating Agencies shall be notified of such appointment.

10. **Calculation Agency Agreement**

Pursuant to the Calculation Agency Agreement, HSBC Bank plc as the Calculation Agent is appointed by the Issuer and will act as agent of the Issuer to make and verify certain calculations in respect of the Notes and the Transaction Documents.

After having made the Calculation Check and having provided the Calculation Check Notice to the Servicer, the Calculation Agent will make each final Monthly Investor Report available through its website at <https://investorreporting.gbm.hsbc.com> in accordance with the Calculation Agency Agreement.

For the avoidance of doubt, if the Servicer has not provided the Calculation Agent with the preliminary Monthly Investor Report no later than on the relevant Reporting Date and the Notes do not redeem on the immediately following Payment Date in accordance with the Conditions, the Calculation Agent will nonetheless perform its duties to the extent possible and make the calculations on the basis of the last available Monthly Investor Report, include them in a Monthly Investor Report with respect to the relevant Payment Date, make that Monthly Investor Report available pursuant to Clause 5.1(f) of the Calculation Agency Agreement and arrange for the payment of items *first to ninth* of the relevant Pre-Enforcement Priority of Payments.

If the Calculation Agent does not receive a Monthly Investor Report for more than three (3) months and the Customers have been notified of the assignment of the Purchased Receivables, the Calculation Agent will make its calculations on the basis of the amounts paid by the Customers directly to the Operating Account.

If (i) the Calculation Agent has not received a Monthly Investor Report and (ii) an Issuer Event of Default has occurred, the Calculation Agent will, upon instruction of the Trustee, make its calculations on the basis of the amounts paid by the Customers (after such Customers have been notified of the assignment of the Purchased Receivables owed by such Customers) directly to the Operating Account.

The Issuer or the Servicer may terminate the appointment of the Calculation Agent by giving at least thirty (30) calendar days' prior written notice and the Calculation Agent may only resign from its office by giving at least thirty (30) calendar days' prior written notice, **provided that**, no such notice will be effective to terminate the Calculation Agency Agreement if the termination of the obligations of the Calculation Agent thereunder would cause the rating of the Rated Notes to be downgraded or withdrawn, and **provided further that** at all times there will be a Calculation Agent appointed with the required capacities.

Pursuant to the Calculation Agency Agreement, upon the termination of the Calculation Agent pursuant to the preceding paragraph, the Issuer will appoint a successor Calculation Agent, **provided that** until a successor Calculation Agent has agreed in writing to the Issuer and the outgoing Calculation Agent to perform obligations substantially similar to those of the outgoing Calculation Agent, the outgoing Calculation Agent will continue to act as the Calculation Agent. The Calculation Agent will have the right to nominate a successor for appointment by the Issuer. The Issuer will have the right to veto any nomination of a successor Calculation Agent if any other Calculation Agent has been appointed by the Issuer (with the consent of the Trustee) to be the

successor Calculation Agent and has accepted such appointment. In the event of any urgency, the Calculation Agent will be entitled to appoint a successor Calculation Agent acceptable to the Issuer under terms substantially similar to the terms of the Calculation Agency Agreement if the Issuer fails to appoint a successor Calculation Agent within a reasonable period of time.

11. **Agency Agreement**

Pursuant to the Agency Agreement, the Interest Determination Agent is appointed by the Issuer and will act as agent of the Issuer to make certain determinations in respect of the Notes, the Principal Paying Agent is appointed by the Issuer and will act as agent of the Issuer to effect payments in respect of the Notes and the Registrar is appointed to administer the Register in respect of the Notes.

The Principal Paying Agent will be effecting all payments in respect of the Notes required to be made by the Issuer in respect of the applicable Priority of Payments, based on information set out in the relevant Monthly Investor Report.

The functions, rights and duties of the Interest Determination Agent, the Principal Paying Agent and the Registrar are set out in the Conditions. See "*TERMS AND CONDITIONS OF THE NOTES*".

12. **Subscription Agreement**

The Issuer, the Seller, the Trustee and the Managers have entered into a Subscription Agreement under which each Manager has agreed to subscribe or procure subscribers for the Class A Notes, subject to certain conditions. The Managers are the beneficiaries of certain representations, warranties and undertakings of indemnification from the Seller and the Issuer. See "*SUBSCRIPTION AND SALE*".

13. **The Corporate Services Agreement**

On or prior to the Issue Date, the Issuer, the Seller, the Corporate Services Provider, the Share Trustee, Holdings and the Trustee will enter into a corporate services agreement pursuant to which the Corporate Services Provider will provide the Issuer, Holdings and the Seller with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer, Holdings and the Seller (including the provision of directors), providing the directors with information in connection with the Issuer, Holdings and the Seller, and the arrangement for the convening of shareholders' and directors' meetings.

The Corporate Services Provider will be entitled to terminate its respective appointment under the Corporate Services Agreement on thirty (30) calendar days' written notice to the Issuer, the Trustee and each other party to the Corporate Services Agreement, **provided that** a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Issuer (with prior written consent of the Trustee) and, following delivery of an Enforcement Notice, the Trustee can terminate the appointment of the Corporate Services Provider on thirty (30) calendar days' written notice to the Corporate Services Provider (with a copy of such notice to the Issuer).

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Trustee (with a copy of such notice to the Issuer and the Servicer) or the Issuer (with a copy of such notice to the Trustee and the Servicer), if the Corporate Services Provider breaches its obligations under the terms of the Corporate Services Agreement and/or certain insolvency related events occur in relation to the Corporate Services Provider.

EXPECTED MATURITY AND AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS

Weighted Average Life ("WAL") of the Rated Notes

Weighted average life of the Rated Notes refers to the average amount of time that will elapse (on an "act/365" basis) from the date of issuance of a Note to the date of distribution of amounts to the holders of the Rated Notes distributed in reduction of principal of such Class of Notes. The weighted average life of the Rated Notes will be influenced by, amongst other things, delinquencies and losses, as well as the rate at which the Purchased Receivables are paid, which may be in the form of scheduled amortisation, prepayments or liquidation.

The following table is prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Purchased Receivables and the performance thereof.

The table assumes, among other things, that:

- (a) the portfolio is subject to a constant annual rate of prepayment as set out under "CPR";
- (b) no Purchased Receivables are repurchased by the Seller;
- (c) the Notes are issued on the Issue Date;
- (d) the Clean-Up Call Option is exercised;
- (e) the Purchased Receivables are performing and no delinquencies nor defaults occur;
- (f) the relevant interest rate payable under the relevant Purchased Receivables is 7.59%;
- (g) third party expenses are assumed to be 0.05% *per annum* of the average outstanding receivables over two months;
- (h) servicing fee is only payable to a substitute Servicer; as such, no servicing fee is assumed to be paid for this table;
- (i) the swap rate of the fixed leg is 4.255%;
- (j) the Class A Interest Rate is SONIA plus a margin of 0.62%;
- (k) the Class B Interest Rate is 1.00% *per annum* and the Class C Interest Rate is 1.5% *per annum*;
- (l) the Payment Date will fall on the twentieth (20th) day of each calendar month unless such date is not a Business Day, in which case the Payment Date will fall on the first Business Day immediately following such date unless such date would thereby fall into the next calendar month, in which case the Payment Date shall be the immediately preceding Business Day; and
- (m) the scheduled amortisation profile of each Additional Portfolio purchased by the Issuer on each Purchase Date during the Revolving Period will be the same as the scheduled amortisation profile of the Initial Portfolio as of 31 January 2023.

The approximate average life of the Rated Notes, at various assumed rates of prepayment of the Purchased Receivables, would be as follows:

| | | Bavarian Sky UK 5 plc – Weighted Average Life | | | | | | | |
|---------|----------------|---|------|------|------|------|------|------|------|
| | | Base Case (17.5%) | 0% | 5% | 10% | 15% | 20% | 25% | 30% |
| Class A | WAL (in years) | 1.86 | 2.10 | 2.03 | 1.96 | 1.89 | 1.83 | 1.77 | 1.72 |
| Class B | WAL (in years) | 2.91 | 3.17 | 3.08 | 3.00 | 2.91 | 2.84 | 2.75 | 2.67 |

The exact average life of the Rated Notes cannot be predicted as the actual rate at which the Purchased Receivables will be repaid and a number of other relevant factors are unknown.

The average life of the Rated Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

Furthermore, it should also be noted that the calculation of the approximate average lives of the Rated Notes as made herein and as made by the provider of the cash flow model pursuant to Article 22(3) of the UK Securitisation Regulation might deviate from each other due to different calculation methods used herein (for the purpose of calculating the weighted average life of the Rated Notes) and the provider of the cash flow model (for the purpose of Article 22(3) of the UK Securitisation Regulation).

Assumed Amortisation of the Notes

This amortisation scenario is based on the assumptions listed under "*Weighted Average "WAL" of the Rated Notes*" above and a CPR of 17.5%.

| Assumed Amortisation of the Rated Notes (17.5% CPR) | | | |
|---|-----------------|---|---|
| Period | Payment Date | Outstanding Class A Notes after Payment Date | Outstanding Class B Notes after Payment Date |
| 1 – 12 | May 23-April 24 | 291,200,000 | 56,800,000 |
| 13 | May-24 | 274,771,481 | 56,800,000 |
| 14 | Jun-24 | 257,686,043 | 56,800,000 |
| 15 | Jul-24 | 242,646,641 | 56,800,000 |
| 16 | Aug-24 | 228,497,019 | 56,800,000 |
| 17 | Sep-24 | 212,644,557 | 56,800,000 |
| 18 | Oct-24 | 195,602,920 | 56,800,000 |
| 19 | Nov-24 | 178,718,916 | 56,800,000 |
| 20 | Dec-24 | 162,012,190 | 56,800,000 |
| 21 | Jan-25 | 147,072,977 | 56,800,000 |
| 22 | Feb-25 | 133,223,632 | 56,800,000 |
| 23 | Mar-25 | 119,936,058 | 56,800,000 |
| 24 | Apr-25 | 107,921,774 | 56,800,000 |
| 25 | May-25 | 96,098,229 | 56,800,000 |
| 26 | Jun-25 | 83,991,283 | 56,800,000 |
| 27 | Jul-25 | 71,844,092 | 56,800,000 |
| 28 | Aug-25 | 59,959,574 | 56,800,000 |
| 29 | Sep-25 | 47,680,006 | 56,800,000 |
| 30 | Oct-25 | 36,209,199 | 56,800,000 |
| 31 | Nov-25 | 24,943,813 | 56,800,000 |
| 32 | Dec-25 | 12,940,099 | 56,800,000 |
| 33 | Jan-26 | 2,316,890 | 56,800,000 |
| 34 | Feb-26 | - | 48,015,108 |
| 35 | Mar-26 | - | - |
| 36 | Apr-26 | - | - |
| 37 | May-26 | - | - |
| 38 | Jun-26 | - | - |
| 39 | Jul-26 | - | - |
| 40 | Aug-26 | - | - |
| 41 | Sep-26 | - | - |
| 42 | Oct-26 | - | - |
| 43 | Nov-26 | - | - |
| 44 | Dec-26 | - | - |
| 45 | Jan-27 | - | - |
| 46 | Feb-27 | - | - |
| 47 | Mar-27 | - | - |
| 48 | Apr-27 | - | - |
| 49 | May-27 | - | - |

ELIGIBILITY CRITERIA

As of the Cut-Off Date immediately preceding: (a) the Issue Date (in respect of the Initial Portfolio); or (b) the relevant Payment Date (in respect of any Additional Portfolio), the following criteria (the "**Eligibility Criteria**") must have been met by the Receivables to be eligible for acquisition by the Issuer pursuant to the Receivables Purchase Agreement.

A Receivable is an Eligible Receivable if it meets the following criteria:

1. The Underlying Agreement under which the relevant Receivable arises is a legal, valid, binding and enforceable obligation of the Customer, subject to any laws from time to time in effect relating to bankruptcy, sequestration or liquidation or any other laws or other legal procedures affecting generally the enforcement of creditors' rights, has not been terminated or rescinded and is not capable of being terminated or rescinded, as a result directly of an act or omission by the Seller. In addition, no Underlying Agreement has been subject to any variation, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Receivables offered for purchase.
2. The relevant Receivable is existing and assignable and can be transferred by way of assignment (or in the case of the Scottish Receivables, under the Scottish Declaration of Trust) without the consent of the related Customer.
3. In respect of a Purchased Receivable, the Related Underlying Agreement has a fixed interest rate and is fully amortising through payments of constant monthly instalments (except for the first instalment and the final instalment payable under the relevant Underlying Agreement which may differ from the monthly instalments payable for subsequent or previous months).
4. The relevant Receivable is denominated and payable in Sterling.
5. The relevant Receivable was originated on or after 1 December 2012 and in the ordinary course of business of the Seller in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general financing terms of the Seller.
6. So far as the Seller is aware, no Underlying Agreement is subject to any claim, equity, defence, right of retention or set-off by the Customer except by virtue of Section 56 or 75 of the CCA.
7. The Underlying Agreement under which the relevant Receivable arises has not been terminated and, according to the Seller's records, the Seller has not received a termination notice.
8. The Underlying Agreement under which the relevant Receivable arises has a maximum remaining term of 60 (sixty) months.
9. At least one (1) due Instalment has been fully paid under the relevant Underlying Agreement in respect of the relevant Receivable.
10. The relevant Receivable is a Receivable to which the Seller is (subject to any prior Encumbrance which has been subsequently discharged) the sole legal and beneficial owner, free of any rights of any third party and over which the Seller may freely dispose save as provided for in the Transaction Documents or save for any third party rights arising by operation of law.
11. The Seller is the legal and beneficial owner of the Financed Vehicle to which each Purchased Receivable relates and no other person has any right or claim thereto (other than the Customer under the Related Underlying Agreement).
12. The relevant Receivable and Related Collateral may be segregated and identified at any time for purposes of ownership in the electronic files of the Seller.
13. Each Underlying Agreement has been entered into in accordance with the relevant provisions of the Consumer Credit Act and the Seller has at all material times held (in relation to Underlying Agreements originated prior to 1 April 2014) a CCA Licence to carry on consumer credit business and (in relation to Underlying Agreements originated on or after 1 April 2014) FCA permission or authorisation to carry on credit-related regulated activity.

14. So far as the Seller is aware (i) each Dealer and (ii) each other person who carried on in relation to an Underlying Agreement any "credit brokerage", as defined in section 142(2) of the CCA (in relation to Underlying Agreements originated prior to 1 April 2014) or article 36A of the RAO (in relation to Underlying Agreements originated on or after 1 April 2014), has at all material times held a CCA Licence and/or FCA authorisation or permission to carry on credit brokerage.
15. No Related 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 140D of the CCA.
16. The relevant Receivable is not overdue for more than thirty (30) calendar days and is not a Defaulted Receivable or a Receivable disputed by the relevant Customer whether by reason of any matter concerning the Financed Vehicles or by reason of any other matter or in respect of which a set-off or counterclaim is being claimed by such Customer, **provided that** if the Customer is party to a group litigation against the Seller in connection with the Underlying Agreement of such Customer, the relevant Receivable will not be regarded as disputed for the purposes of this Eligibility Criterion 16 unless the Customer has withheld payment of amounts due under their Underlying Agreement and (a) has notified the same to the Seller and the Seller has accepted the amount of the claim or (b) the Seller has received confirmation of a non-appealable judgement in favour of the Customer.
17. No breach of any obligation under any agreement (except of the obligation to pay) of any party exists with respect to the relevant Receivable.
18. The relevant Underlying Agreement is subject to, and governed by, the laws of England and Wales or Scotland.
19. The relevant Underlying Agreement has been entered into with a Customer which is an individual who has their place of residence in England and Wales or Scotland.
20. According to the Seller's records, the relevant Receivable is due from a Customer who is neither insolvent or bankrupt nor over-indebted and against whom no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction.
21. The relevant Receivable is not due from a Customer who is (i) either an employee or an officer of the Seller or of an Affiliate of the Seller or (ii) an employee or officer of the Seller.
22. The terms of each Underlying Agreement require the Customer thereunder to insure the Financed Vehicle which is the subject thereof and such insurance is required to be effected in accordance with the terms of such Underlying Agreement.
23. Neither the relevant Receivable nor any associated Related Collateral is stock or a marketable security (as such terms are defined for the purposes of section 122 of the Stamp Act 1891), a chargeable security (as such term is defined for the purposes of section 99 of the Finance Act 1986) or a chargeable interest (as such term is defined for the purposes of any of section 48 of the Finance Act 2003, section 4 of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017 and section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013).
24. All Instalments in respect of the Underlying Agreement to which such Receivable relates are to be made by the relevant Customer by direct debit.
25. According to the Seller's records and to the best of its knowledge, the relevant Receivable is due from a Customer who:
 - (a) has neither been declared insolvent nor had a court grant its 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 its non-performing exposures within three years prior to the date of transfer or assignment of the relevant Receivables to the Issuer;
 - (b) was, at the time of origination, where applicable, not on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the Seller; or

- (c) has neither a credit assessment nor a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.
26. The Underlying Agreement under which the relevant Receivable arises is a PCP Agreement.
27. The transfer of relevant Receivable together with all other Purchased Receivables would not cause, or permit to persist, after giving effect to the purchase of any Purchased Receivable on the relevant Purchase Date any of the Concentration Limits not to be met. "**Concentration Limit**" shall mean each of the following requirements:
- (a) The Aggregate Discounted Receivables Balance of all Purchased Receivables (calculated as of the immediately preceding Cut-Off Date) which relate to Financed Vehicles that are New Vehicles not to be less than 40% of the Aggregate Discounted Receivables Balance (calculated as of the immediately preceding Cut-Off Date);
 - (b) The Aggregate Discounted Receivables Balance of all Purchased Receivables (calculated as of the immediately preceding Cut-Off Date) which are Non-BMW Receivables not to exceed 30% of the Aggregate Discounted Receivables Balance (calculated as of the immediately preceding Cut-Off Date);
 - (c) The Aggregate Discounted Receivables Balance of all Purchased Receivables (calculated as of the immediately preceding Cut-Off Date) with one and the same Customer not to exceed £200,000;
 - (d) In relation to the relevant Receivable, its PCP Residual Value when aggregated with the PCP Residual Value in respect of all Underlying Agreements in the Portfolio not to exceed 65% of the Aggregate Discounted Receivables Balance (calculated as of the immediately preceding Cut-Off Date); and
 - (e) The weighted average Discount Rate of all Purchased Receivables in the Portfolio is equal to or greater than 6.60%.

PURCHASED RECEIVABLES CHARACTERISTICS AND HISTORICAL DATA

Pursuant to Article 22(2) of the UK Securitisation Regulation, and the terms of an external verification applying a confidence level higher than 95% has been made in respect of the Receivables prior to the Issue Date by an appropriate and independent party, including verification that the data disclosed in any formal offering document in respect of the Purchased Receivables is accurate, and, in this respect, no significant adverse findings have been found.

The historical information set out in below is based on the past experience and present procedures of the Seller. There can be no assurance as to the future performance of the Purchased Receivables.

The portfolio information presented in this Offering Circular is based on the pool on 31 January 2023.

1. Purchased Receivables characteristics

PORTFOLIO OVERVIEW

Portfolio Overview

| | |
|---|----------------|
| Cut-Off Date | 31/03/2023 |
| Current Aggregate Discounted Balance (GBP) | 549,404,092.26 |
| Aggregate Discounted Residual Value (GBP)..... | 286,238,616.94 |
| Number of Contracts | 27,810 |
| Average Current Discounted Balance (GBP) | 19,756 |
| WA Discount Rate in % | 7.59 |
| WA Discounted RV as % of the Current Discounted Balance | 52.10% |

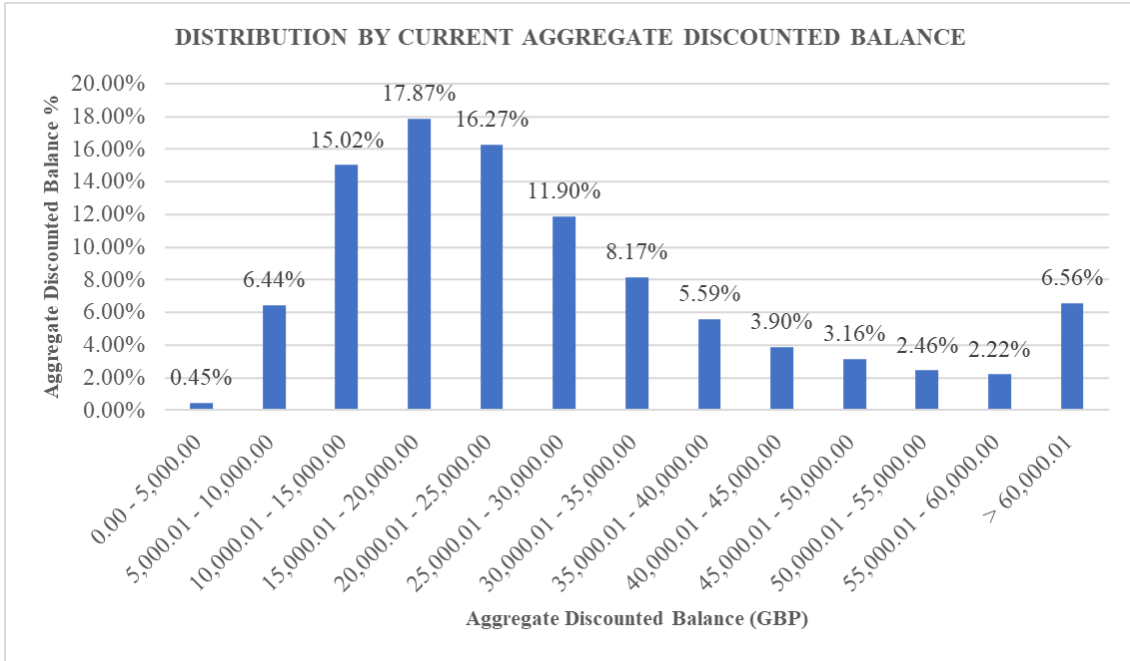
Portfolio Overview

| | Min | Max | WA |
|------------------------------|-----|-----|------|
| Seasoning (months)..... | 2 | 58 | 15.8 |
| Remaining term (months)..... | 1 | 59 | 31.6 |
| Original term (months)..... | 12 | 60 | 47.5 |

DISTRIBUTION BY CURRENT AGGREGATE DISCOUNTED BALANCE

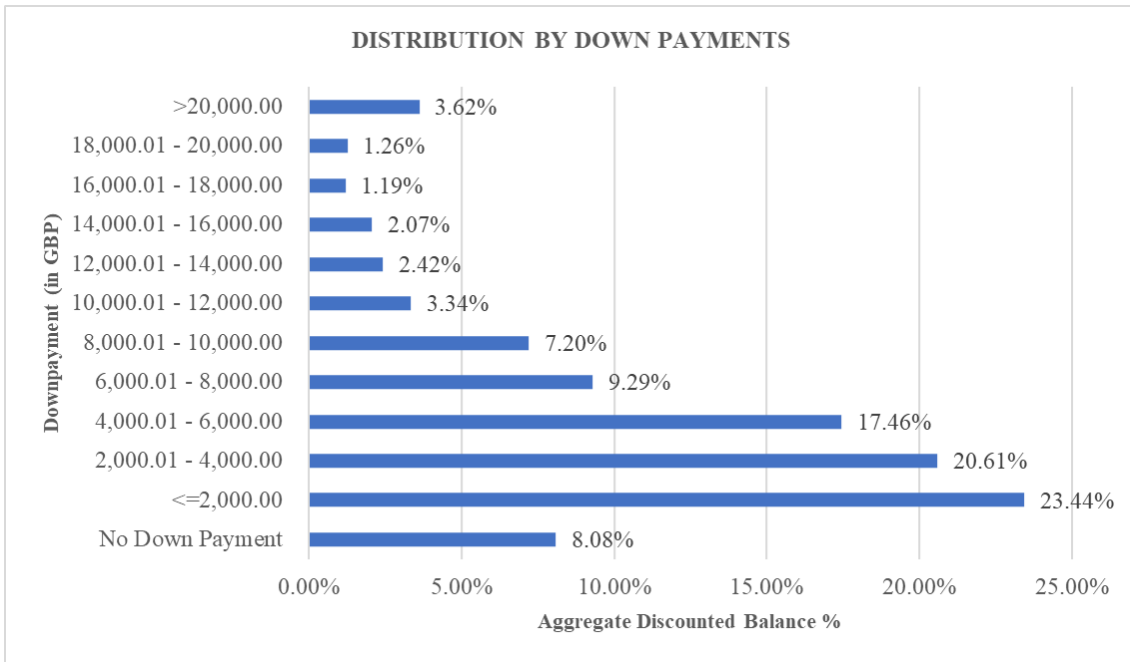
| Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|------------------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 0.00 - 5,000.00..... | 2,488,893.30 | 0.45% | 608 | 2.19% | 1,686,520.76 | 0.59% |
| 5,000.01 - 10,000.00..... | 35,395,040.51 | 6.44% | 4,482 | 16.12% | 21,516,028.59 | 7.52% |
| 10,000.01 - 15,000.00..... | 82,514,475.63 | 15.02% | 6,608 | 23.76% | 46,236,494.31 | 16.15% |
| 15,000.01 - 20,000.00..... | 98,186,600.37 | 17.87% | 5,644 | 20.29% | 51,906,984.59 | 18.13% |
| 20,000.01 - 25,000.00..... | 89,372,817.79 | 16.27% | 4,003 | 14.39% | 45,678,366.81 | 15.96% |
| 25,000.01 - 30,000.00..... | 65,388,488.96 | 11.90% | 2,398 | 8.62% | 32,768,127.69 | 11.45% |
| 30,000.01 - 35,000.00..... | 44,882,615.59 | 8.17% | 1,390 | 5.00% | 22,199,841.59 | 7.76% |
| 35,000.01 - 40,000.00..... | 30,696,300.20 | 5.59% | 824 | 2.96% | 15,193,554.65 | 5.31% |
| 40,000.01 - 45,000.00..... | 21,427,342.30 | 3.90% | 506 | 1.82% | 10,765,827.33 | 3.76% |
| 45,000.01 - 50,000.00..... | 17,343,126.48 | 3.16% | 366 | 1.32% | 8,642,689.80 | 3.02% |
| 50,000.01 - 55,000.00..... | 13,498,295.24 | 2.46% | 258 | 0.93% | 6,494,288.66 | 2.27% |
| 55,000.01 - 60,000.00..... | 12,194,823.86 | 2.22% | 213 | 0.77% | 5,870,610.19 | 2.05% |
| > 60,000.01..... | 36,015,272.03 | 6.56% | 510 | 1.83% | 17,279,281.97 | 6.04% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

| | |
|---------------|-----------|
| Min | 1,721.77 |
| Max | 94,697.78 |
| Average | 19,755.63 |



DISTRIBUTION BY DOWN PAYMENTS

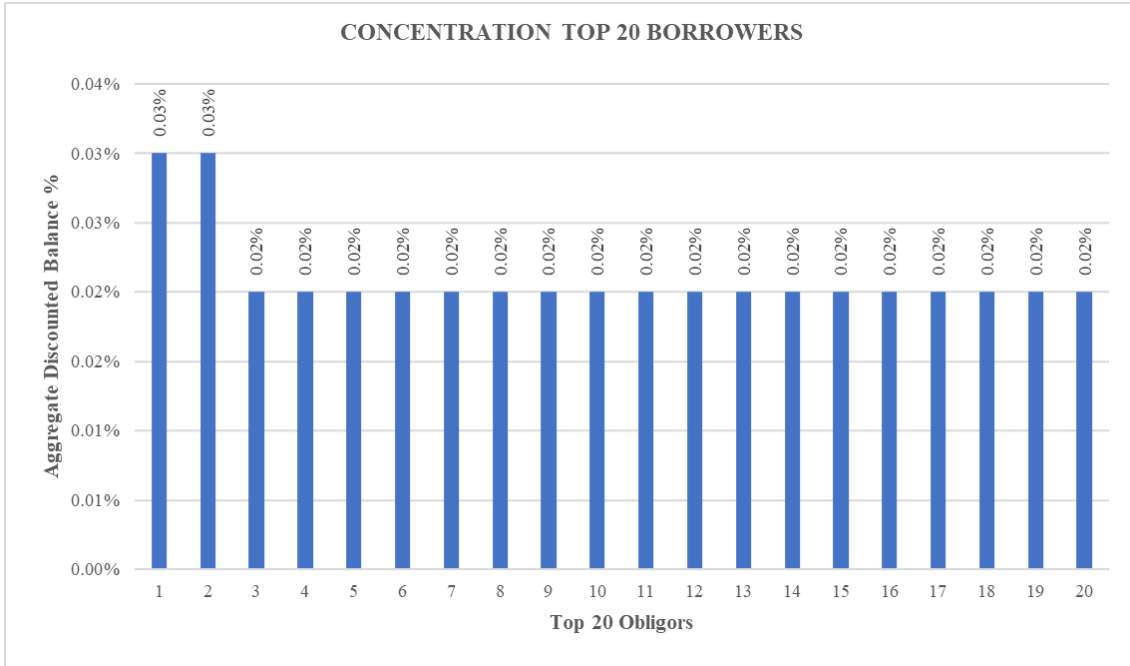
| Downpayment (in GBP) | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|-----------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| No Down Payment | 44,410,677.62 | 8.08% | 2,761 | 9.93% | 23,673,499.47 | 8.27% |
| <=2,000.00 | 128,792,937.08 | 23.44% | 9,015 | 32.42% | 65,573,945.85 | 22.91% |
| 2,000.01 - 4,000.00 | 113,255,207.11 | 20.61% | 6,250 | 22.47% | 57,012,746.21 | 19.92% |
| 4,000.01 - 6,000.00 | 95,951,456.41 | 17.46% | 4,280 | 15.39% | 48,335,296.09 | 16.89% |
| 6,000.01 - 8,000.00 | 51,053,945.87 | 9.29% | 2,049 | 7.37% | 26,371,995.01 | 9.21% |
| 8,000.01 - 10,000.00 | 39,564,159.54 | 7.20% | 1,345 | 4.84% | 20,652,257.62 | 7.22% |
| 10,000.01 - 12,000.00 | 18,360,846.81 | 3.34% | 630 | 2.27% | 10,102,485.27 | 3.53% |
| 12,000.01 - 14,000.00 | 13,303,255.78 | 2.42% | 404 | 1.45% | 7,456,934.09 | 2.61% |
| 14,000.01 - 16,000.00 | 11,385,362.06 | 2.07% | 315 | 1.13% | 6,366,651.63 | 2.22% |
| 16,000.01 - 18,000.00 | 6,525,767.55 | 1.19% | 177 | 0.64% | 3,752,612.98 | 1.31% |
| 18,000.01 - 20,000.00 | 6,924,540.59 | 1.26% | 166 | 0.60% | 4,031,844.70 | 1.41% |
| >20,000.00 | 19,875,935.84 | 3.62% | 418 | 1.50% | 12,908,348.02 | 4.51% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |
| Min | 0.00 | | | | | |
| Max | 100,000.00 | | | | | |
| Weighted Average | 5,604.66 | | | | | |



CONCENTRATION TOP 20 BORROWERS

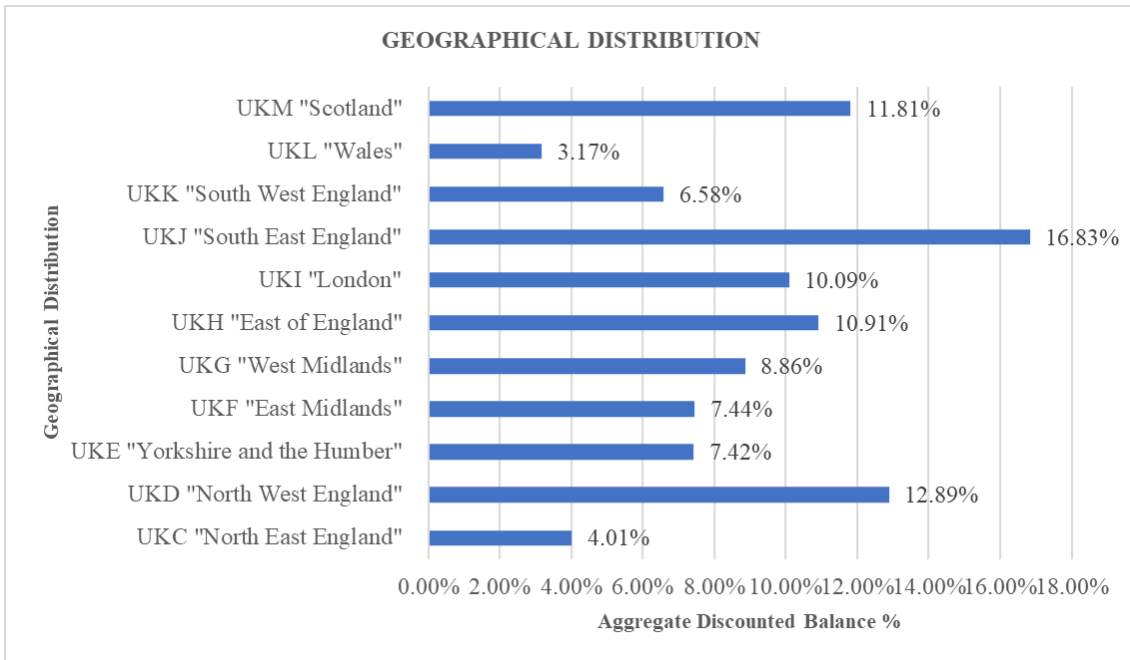
| Top 20 Obligors | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 1 | 146,330.37 | 0.03% | 2 | 0.01% | 62,416.33 | 0.02% |
| 2 | 138,923.40 | 0.03% | 2 | 0.01% | 68,846.42 | 0.02% |
| 3 | 114,156.42 | 0.02% | 2 | 0.01% | 62,376.39 | 0.02% |
| 4 | 94,697.78 | 0.02% | 1 | 0.00% | 32,304.83 | 0.01% |
| 5 | 94,378.44 | 0.02% | 1 | 0.00% | 46,285.95 | 0.02% |
| 6 | 94,083.19 | 0.02% | 1 | 0.00% | 49,908.72 | 0.02% |
| 7 | 93,965.67 | 0.02% | 1 | 0.00% | 52,002.74 | 0.02% |
| 8 | 93,860.79 | 0.02% | 1 | 0.00% | 31,686.99 | 0.01% |
| 9 | 93,549.52 | 0.02% | 1 | 0.00% | 35,401.79 | 0.01% |
| 10 | 92,576.37 | 0.02% | 1 | 0.00% | 70,643.65 | 0.02% |
| 11 | 92,241.17 | 0.02% | 1 | 0.00% | 39,647.53 | 0.01% |
| 12 | 92,236.30 | 0.02% | 1 | 0.00% | 35,369.05 | 0.01% |
| 13 | 92,206.35 | 0.02% | 1 | 0.00% | 49,892.69 | 0.02% |
| 14 | 92,181.42 | 0.02% | 1 | 0.00% | 85,163.85 | 0.03% |
| 15 | 92,140.05 | 0.02% | 1 | 0.00% | 34,232.13 | 0.01% |
| 16 | 91,803.74 | 0.02% | 1 | 0.00% | 39,572.71 | 0.01% |
| 17 | 91,743.35 | 0.02% | 1 | 0.00% | 39,316.19 | 0.01% |
| 18 | 91,734.27 | 0.02% | 1 | 0.00% | 32,769.23 | 0.01% |
| 19 | 91,510.28 | 0.02% | 1 | 0.00% | 55,706.51 | 0.02% |
| 20 | 91,384.98 | 0.02% | 1 | 0.00% | 52,786.86 | 0.02% |
| Total | 1,975,703.86 | 0.36% | 23 | 0.08% | 976,330.56 | 0.34% |

| | |
|---------------------------------|---------------|
| | 549,404,092.2 |
| Total Portfolio Balance | 6 |
| Total Number of Contracts | 27,810 |
| | 286,238,616.9 |
| Total RV | 4 |



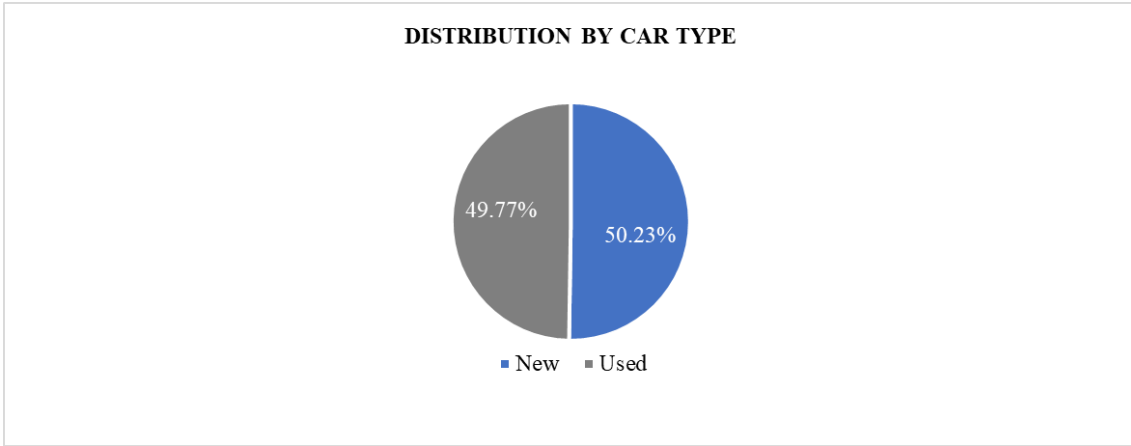
GEOGRAPHICAL DISTRIBUTION

| Geographical Distribution | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| UKC "North East England" | 22,015,786.31 | 4.01% | 1,162 | 4.18% | 11,237,310.05 | 3.93% |
| UKD "North West England" | 70,824,215.96 | 12.89% | 3,714 | 13.35% | 36,747,939.84 | 12.84% |
| UKE "Yorkshire and the Humber" | 40,760,705.78 | 7.42% | 2,041 | 7.34% | 20,891,515.96 | 7.30% |
| UKF "East Midlands" | 40,860,799.29 | 7.44% | 1,905 | 6.85% | 20,768,351.89 | 7.26% |
| UKG "West Midlands" | 48,653,698.21 | 8.86% | 2,422 | 8.71% | 24,639,122.19 | 8.61% |
| UKH "East of England" | 59,921,353.38 | 10.91% | 2,932 | 10.54% | 31,081,305.81 | 10.86% |
| UKI "London" | 55,425,326.94 | 10.09% | 2,553 | 9.18% | 30,111,856.62 | 10.52% |
| UKJ "South East England" | 92,488,525.31 | 16.83% | 4,313 | 15.51% | 49,106,097.57 | 17.16% |
| UKK "South West England" | 36,157,912.60 | 6.58% | 1,841 | 6.62% | 18,815,570.17 | 6.57% |
| UKL "Wales" | 17,405,814.37 | 3.17% | 836 | 3.01% | 8,747,255.64 | 3.06% |
| UKM "Scotland" | 64,889,954.11 | 11.81% | 4,091 | 14.71% | 34,092,291.20 | 11.91% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



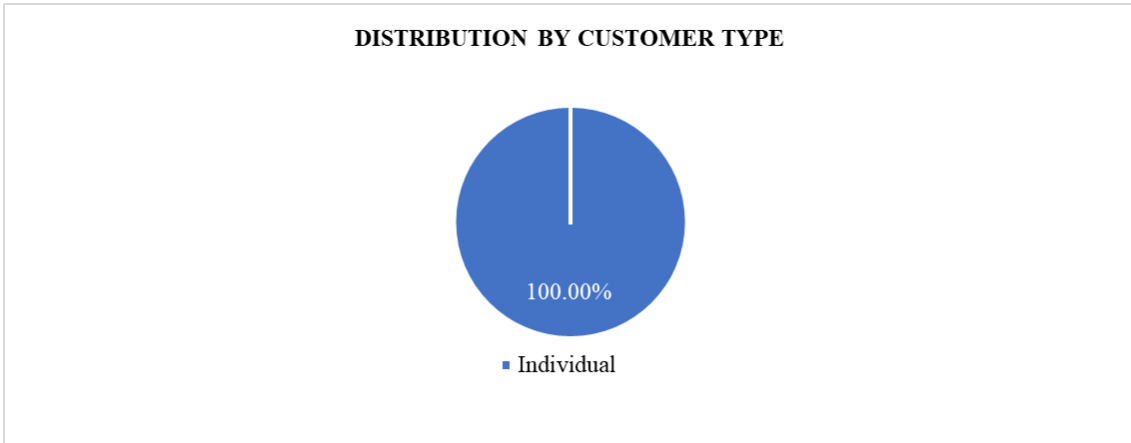
DISTRIBUTION BY CAR TYPE

| Car Type | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| New | 275,992,728.54 | 50.23% | 10,608 | 38.14% | 144,525,461.23 | 50.49% |
| Used | 273,411,363.72 | 49.77% | 17,202 | 61.86% | 141,713,155.71 | 49.51% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



DISTRIBUTION BY CUSTOMER TYPE

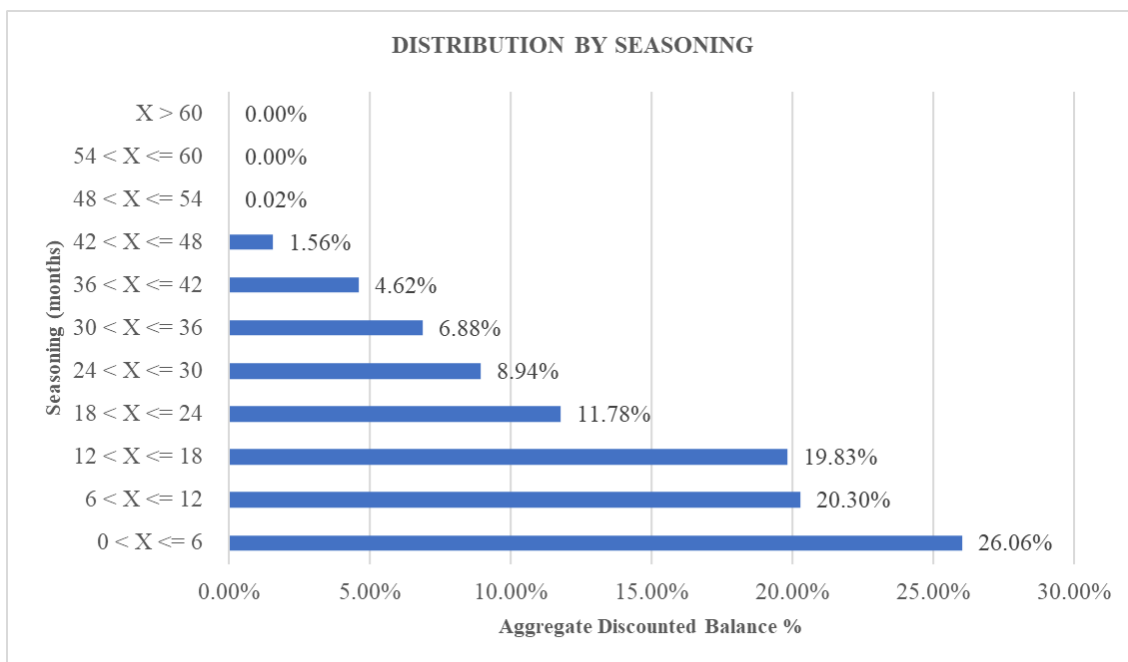
| Customer Type | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| Individual | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



DISTRIBUTION BY SEASONING

| Seasoning (months) | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 0 < X <= 6 | 143,185,437.27 | 26.06% | 4,996 | 17.96% | 61,210,130.93 | 21.38% |
| 6 < X <= 12 | 111,523,668.37 | 20.30% | 4,599 | 16.54% | 50,834,356.14 | 17.76% |
| 12 < X <= 18 | 108,950,902.45 | 19.83% | 5,258 | 18.91% | 53,638,311.30 | 18.74% |
| 18 < X <= 24 | 64,727,071.56 | 11.78% | 3,802 | 13.67% | 35,549,292.95 | 12.42% |
| 24 < X <= 30 | 49,114,142.20 | 8.94% | 3,466 | 12.46% | 30,516,871.56 | 10.66% |
| 30 < X <= 36 | 37,816,475.11 | 6.88% | 2,842 | 10.22% | 26,076,383.43 | 9.11% |
| 36 < X <= 42 | 25,372,171.65 | 4.62% | 2,033 | 7.31% | 20,476,767.83 | 7.15% |
| 42 < X <= 48 | 8,587,629.14 | 1.56% | 794 | 2.86% | 7,843,491.12 | 2.74% |
| 48 < X <= 54 | 103,317.68 | 0.02% | 17 | 0.06% | 72,066.63 | 0.03% |
| 54 < X <= 60 | 23,276.83 | 0.00% | 3 | 0.01% | 20,945.05 | 0.01% |
| X > 60 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

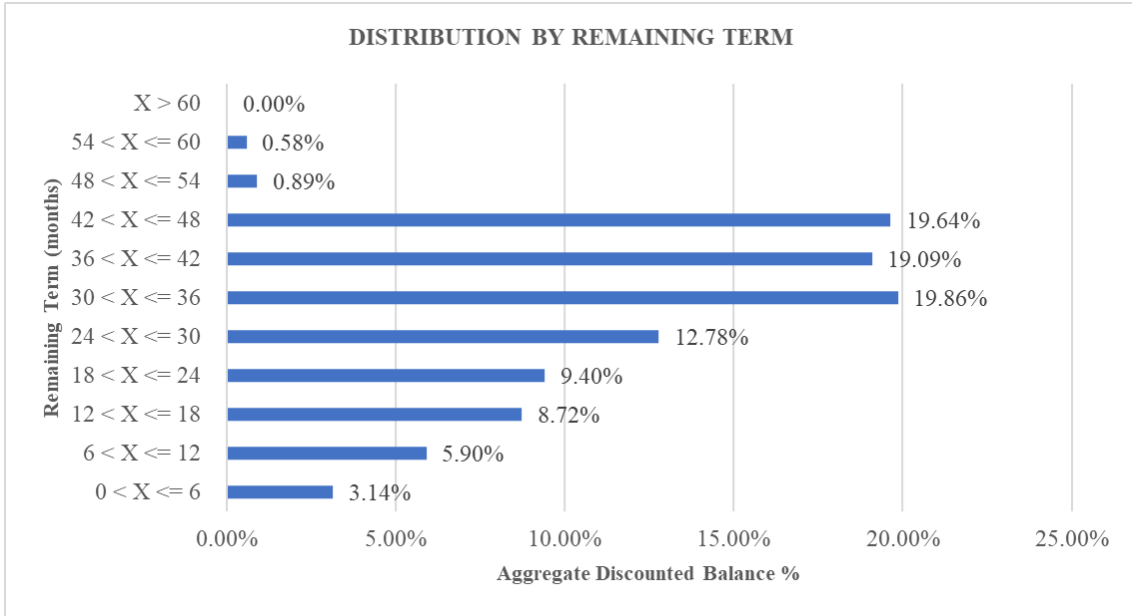
Min..... 2.00
 Max 58.00
 Weighted Average 15.80



DISTRIBUTION BY REMAINING TERM

| Remaining Term (months) | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|-------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 0 < X <= 6 | 17,242,875.18 | 3.14% | 1,443 | 5.19% | 15,662,863.02 | 5.47% |
| 6 < X <= 12 | 32,404,061.46 | 5.90% | 2,529 | 9.09% | 25,803,068.72 | 9.01% |
| 12 < X <= 18 | 47,897,216.40 | 8.72% | 3,308 | 11.90% | 32,508,925.89 | 11.36% |
| 18 < X <= 24 | 51,671,316.11 | 9.40% | 3,377 | 12.14% | 31,521,205.89 | 11.01% |
| 24 < X <= 30 | 70,215,161.75 | 12.78% | 3,824 | 13.75% | 37,617,599.84 | 13.14% |
| 30 < X <= 36 | 109,094,417.84 | 19.86% | 5,071 | 18.23% | 52,310,313.16 | 18.28% |
| 36 < X <= 42 | 104,903,213.44 | 19.09% | 4,082 | 14.68% | 45,439,030.82 | 15.87% |
| 42 < X <= 48 | 107,892,969.38 | 19.64% | 3,755 | 13.50% | 43,500,042.65 | 15.20% |
| 48 < X <= 54 | 4,909,768.56 | 0.89% | 261 | 0.94% | 1,206,047.29 | 0.42% |
| 54 < X <= 60 | 3,173,092.14 | 0.58% | 160 | 0.58% | 669,519.66 | 0.23% |
| X > 60 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

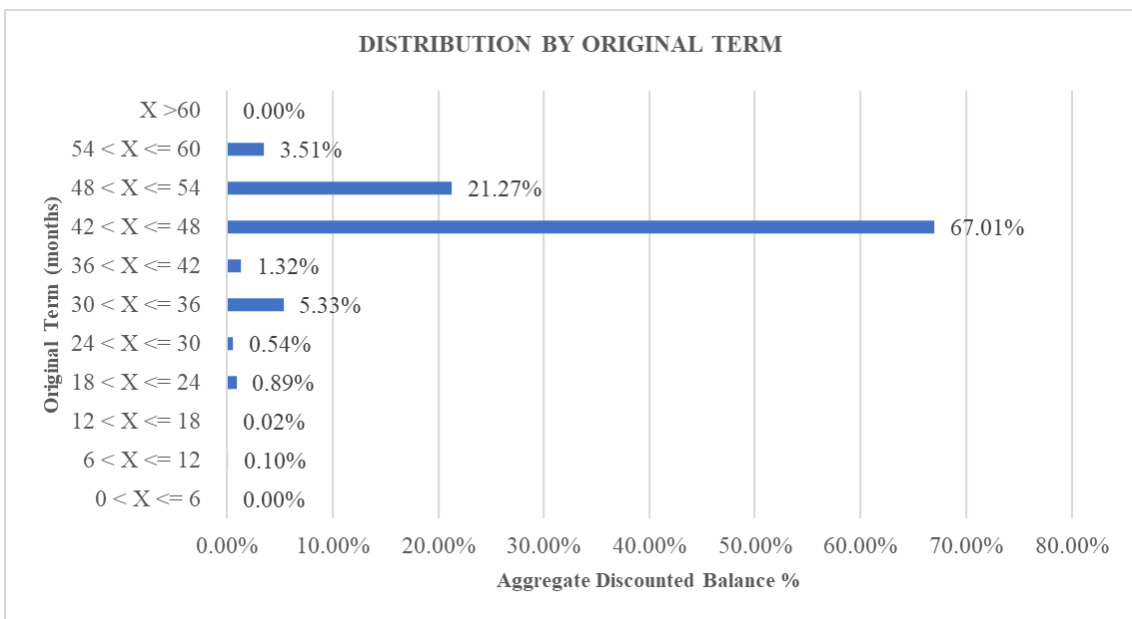
Min..... 1.00
 Max 59.00
 Weighted Average 31.55



DISTRIBUTION BY ORIGINAL TERM

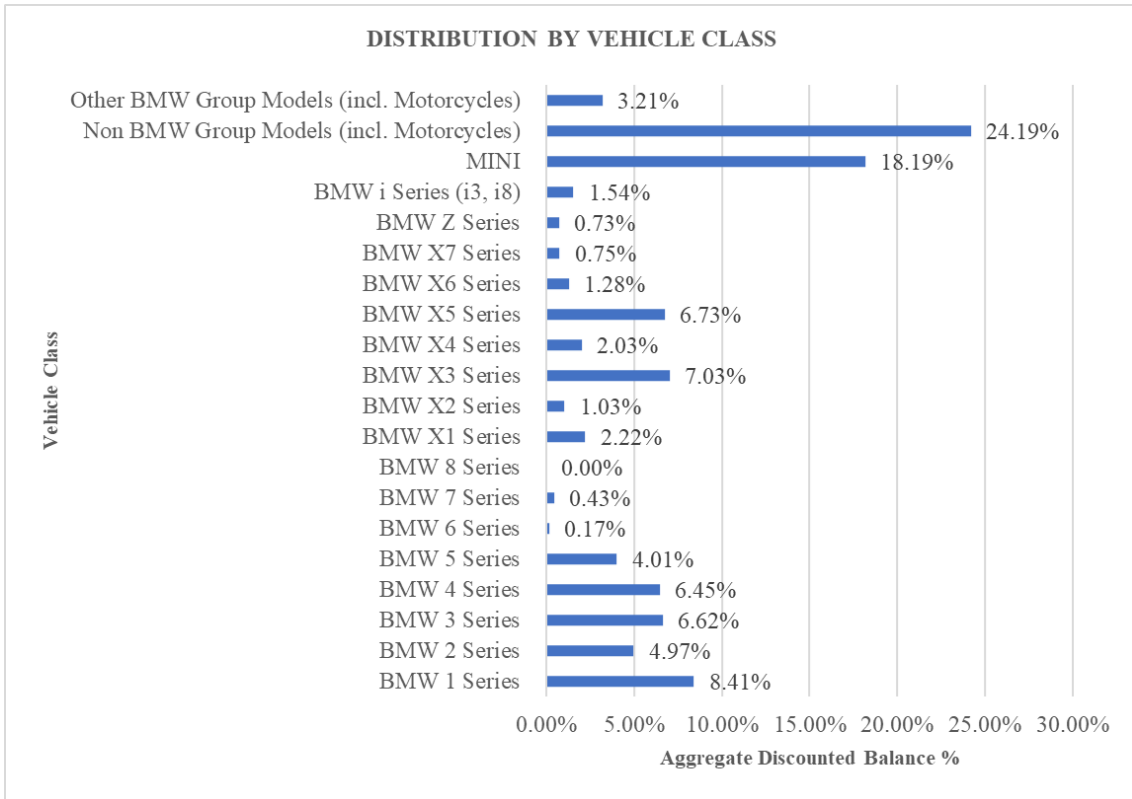
| Original Term (months) | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 0 < X <= 6 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| 6 < X <= 12 | 549,424.84 | 0.10% | 35 | 0.13% | 513,322.44 | 0.18% |
| 12 < X <= 18 | 137,239.21 | 0.02% | 8 | 0.03% | 122,072.89 | 0.04% |
| 18 < X <= 24 | 4,881,003.92 | 0.89% | 258 | 0.93% | 4,052,694.09 | 1.42% |
| 24 < X <= 30 | 2,987,235.31 | 0.54% | 141 | 0.51% | 2,230,002.97 | 0.78% |
| 30 < X <= 36 | 29,295,126.15 | 5.33% | 1,620 | 5.83% | 20,555,069.33 | 7.18% |
| 36 < X <= 42 | 7,261,778.07 | 1.32% | 441 | 1.59% | 4,879,500.88 | 1.70% |
| 42 < X <= 48 | 368,162,079.16 | 67.01% | 17,310 | 62.24% | 191,076,970.11 | 66.75% |
| 48 < X <= 54 | 116,849,302.18 | 21.27% | 6,813 | 24.50% | 57,503,676.73 | 20.09% |
| 54 < X <= 60 | 19,280,903.42 | 3.51% | 1,184 | 4.26% | 5,305,307.50 | 1.85% |
| X > 60 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

Min..... 12.00
 Max..... 60.00
 Weighted Average..... 47.50



DISTRIBUTION BY VEHICLE CLASS

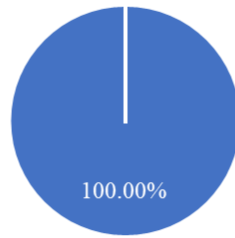
| Vehicle Class | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|---|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| BMW 1 Series | 46,203,410.03 | 8.41% | 2,591 | 9.32% | 24,522,472.43 | 8.57% |
| BMW 2 Series | 27,321,603.00 | 4.97% | 1,332 | 4.79% | 14,298,751.15 | 5.00% |
| BMW 3 Series | 36,345,616.56 | 6.62% | 1,566 | 5.63% | 18,373,812.66 | 6.42% |
| BMW 4 Series | 35,454,794.70 | 6.45% | 1,287 | 4.63% | 17,514,308.26 | 6.12% |
| BMW 5 Series | 22,020,862.62 | 4.01% | 843 | 3.03% | 11,672,350.49 | 4.08% |
| BMW 6 Series | 957,177.76 | 0.17% | 50 | 0.18% | 517,640.11 | 0.18% |
| BMW 7 Series | 2,370,459.59 | 0.43% | 77 | 0.28% | 1,241,309.06 | 0.43% |
| BMW 8 Series | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| BMW X1 Series | 12,216,813.66 | 2.22% | 612 | 2.20% | 6,268,100.30 | 2.19% |
| BMW X2 Series | 5,650,715.76 | 1.03% | 275 | 0.99% | 2,991,047.45 | 1.04% |
| BMW X3 Series | 38,650,464.83 | 7.03% | 1,346 | 4.84% | 21,960,200.98 | 7.67% |
| BMW X4 Series | 11,159,991.69 | 2.03% | 366 | 1.32% | 6,447,629.24 | 2.25% |
| BMW X5 Series | 37,002,290.51 | 6.73% | 889 | 3.20% | 20,213,927.14 | 7.06% |
| BMW X6 Series | 7,019,166.92 | 1.28% | 175 | 0.63% | 3,769,172.22 | 1.32% |
| BMW X7 Series | 4,121,148.64 | 0.75% | 71 | 0.26% | 2,088,842.67 | 0.73% |
| BMW Z Series | 4,016,301.19 | 0.73% | 144 | 0.52% | 2,135,189.53 | 0.75% |
| BMW i Series (i3, i8) | 8,438,326.14 | 1.54% | 309 | 1.11% | 4,171,604.84 | 1.46% |
| MINI | 99,958,644.77 | 18.19% | 6,200 | 22.29% | 49,709,164.46 | 17.37% |
| Non BMW Group Models (incl. Motorcycles)..... | 132,878,634.89 | 24.19% | 8,925 | 32.09% | 69,043,339.17 | 24.12% |
| Other BMW Group Models (incl. Motorcycles)..... | 17,617,669.00 | 3.21% | 752 | 2.70% | 9,299,754.78 | 3.25% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



DISTRIBUTION BY PAYMENT TYPE

| Payment Type | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| Direct Debit | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |
| Self Payment | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

DISTRIBUTION BY PAYMENT TYPE



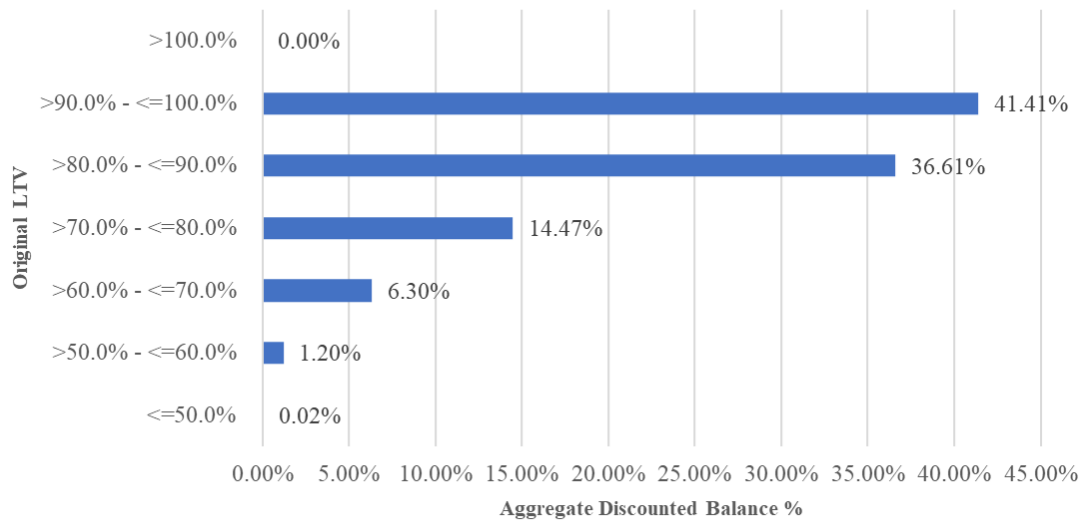
■ Direct Debit ■ Self Payment

DISTRIBUTION BY ORIGINAL LOAN TO VALUE (%)

| Original LTV | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|-------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| <=50.0% | 110,076.59 | 0.02% | 2 | 0.01% | 82,745.79 | 0.03% |
| >50.0% - <=60.0% | 6,575,449.60 | 1.20% | 270 | 0.97% | 4,567,453.08 | 1.60% |
| >60.0% - <=70.0% | 34,612,347.34 | 6.30% | 1,661 | 5.97% | 21,631,564.46 | 7.56% |
| >70.0% - <=80.0% | 79,475,188.76 | 14.47% | 3,899 | 14.02% | 43,307,073.71 | 15.13% |
| >80.0% - <=90.0% | 201,147,755.63 | 36.61% | 9,547 | 34.33% | 100,943,268.67 | 35.27% |
| >90.0% - <=100.0% | 227,483,274.34 | 41.41% | 12,431 | 44.70% | 115,706,511.23 | 40.42% |
| >100.0% | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

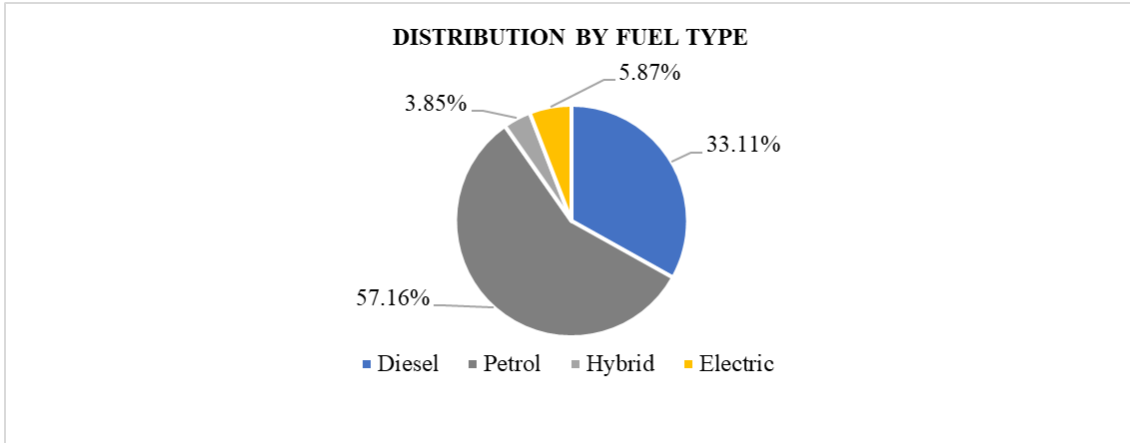
| | |
|------------------------|---------|
| Min | 33.33% |
| Max | 100.00% |
| Weighted Average | 86.72% |

DISTRIBUTION BY ORIGINAL LOAN TO VALUE (%)



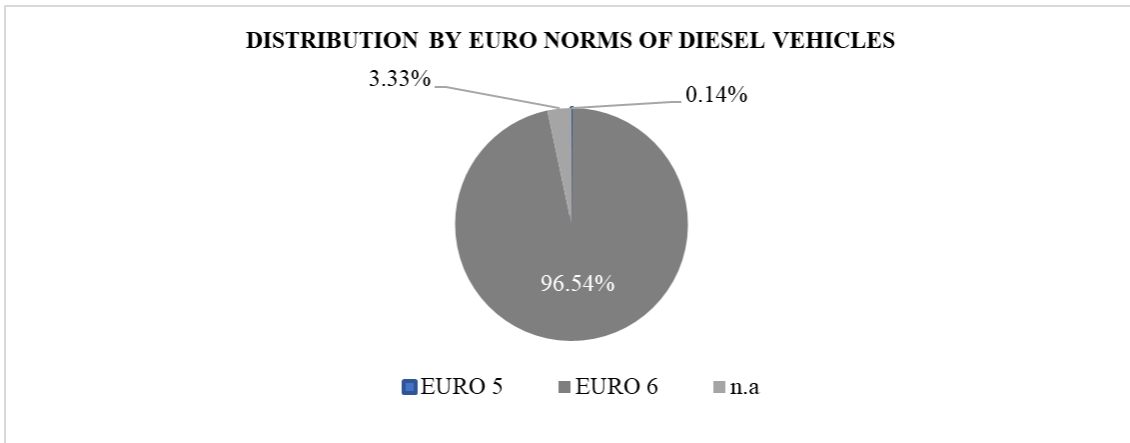
DISTRIBUTION BY FUEL TYPE

| Fuel Type | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| Diesel | 181,913,785.90 | 33.11% | 8,983 | 32.30% | 96,695,265.95 | 33.78% |
| Petrol | 314,039,488.82 | 57.16% | 16,958 | 60.98% | 162,647,265.77 | 56.82% |
| Hybrid | 21,178,673.93 | 3.85% | 797 | 2.87% | 10,905,513.55 | 3.81% |
| Electric | 32,272,143.61 | 5.87% | 1,072 | 3.85% | 15,990,571.67 | 5.59% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



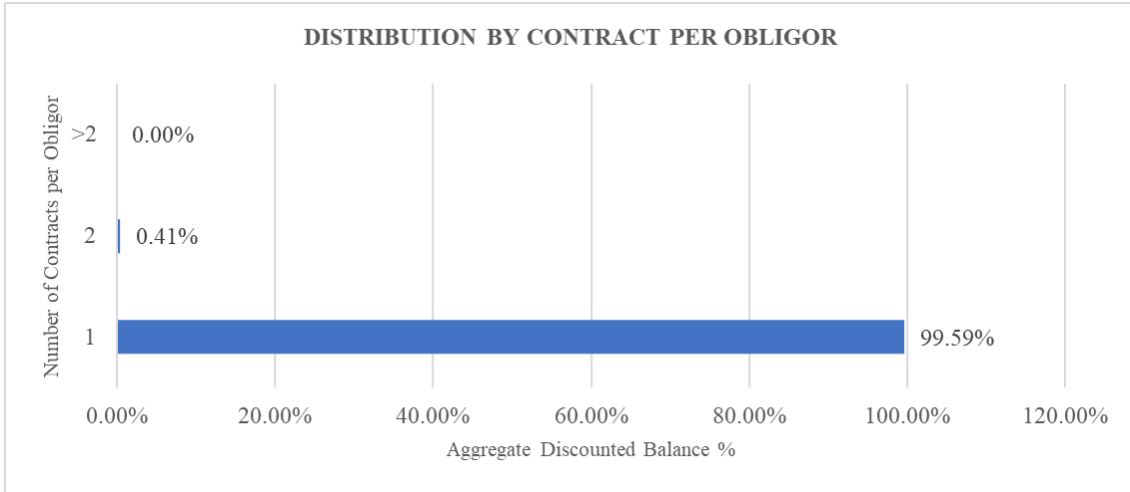
DISTRIBUTION BY EURO NORMS OF DIESEL VEHICLES

| EURO-Norm | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| EURO 5..... | 251,001.18 | 0.14% | 36 | 0.40% | 209,891.32 | 0.22% |
| EURO 6..... | 175,611,874.49 | 96.54% | 8,740 | 97.29% | 93,703,863.23 | 96.91% |
| n.a..... | 6,050,910.23 | 3.33% | 207 | 2.30% | 2,781,511.40 | 2.88% |
| Total | 181,913,785.90 | 100.00% | 8,983 | 100.00% | 96,695,265.95 | 100.00% |



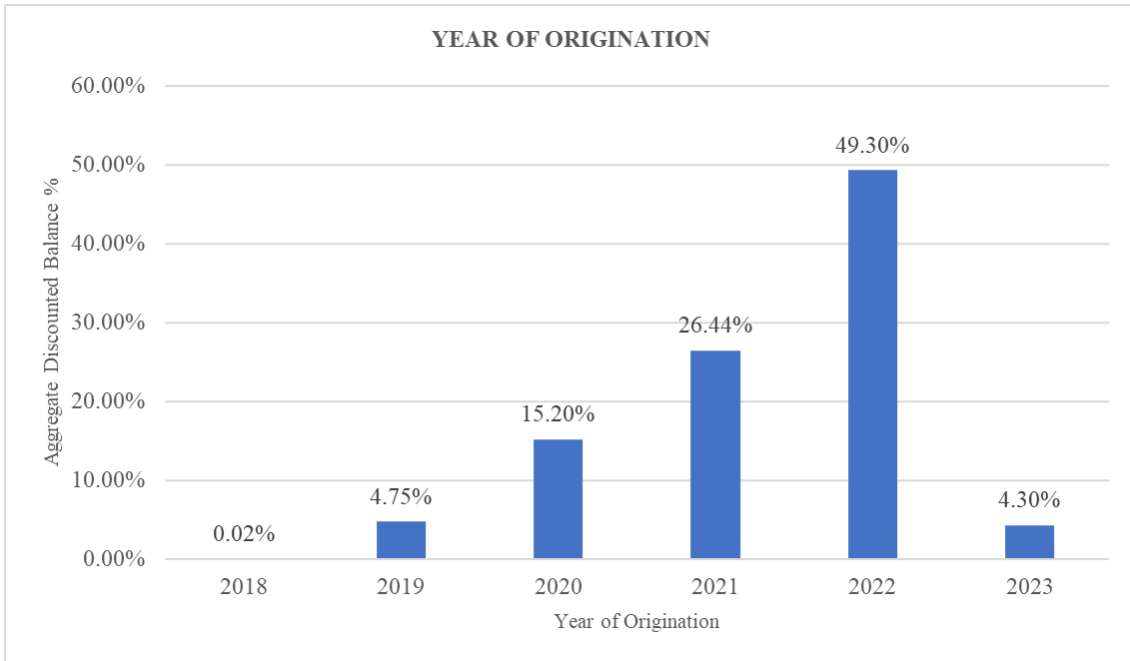
DISTRIBUTION BY CONTRACT PER OBLIGOR

| Number of Contracts per Obligor | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|---------------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 1 | 547,141,241.85 | 99.59% | 27,718 | 99.67% | 285,056,052.18 | 99.59% |
| 2 | 2,262,850.41 | 0.41% | 92 | 0.33% | 1,182,564.76 | 0.41% |
| >2 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



YEAR OF ORIGINATION

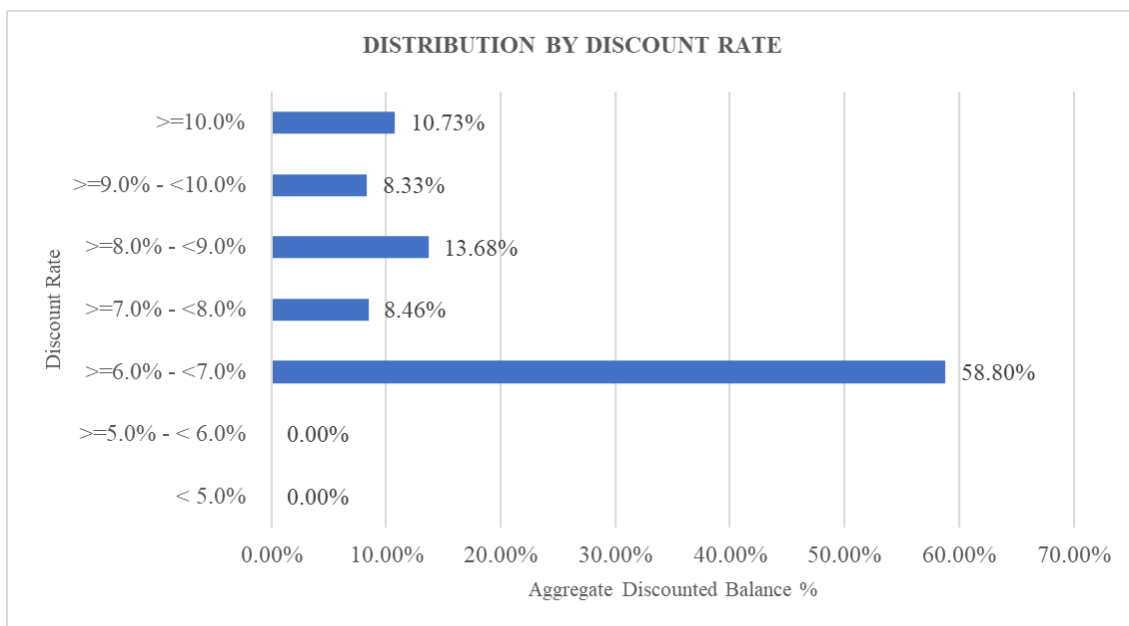
| Year of Origination | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|---------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| 2018 | 83,078.72 | 0.02% | 14 | 0.05% | 64,165.56 | 0.02% |
| 2019 | 26,074,119.69 | 4.75% | 2,133 | 7.67% | 22,378,741.73 | 7.82% |
| 2020 | 83,508,973.35 | 15.20% | 6,161 | 22.15% | 55,949,710.12 | 19.55% |
| 2021 | 145,243,920.48 | 26.44% | 8,011 | 28.81% | 76,756,051.91 | 26.82% |
| 2022 | 270,857,580.62 | 49.30% | 10,638 | 38.25% | 121,246,146.62 | 42.36% |
| 2023 | 23,636,419.40 | 4.30% | 853 | 3.07% | 9,843,801.00 | 3.44% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



DISTRIBUTION BY DISCOUNT RATE

| Discount Rate | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|-----------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| < 5.0% | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| ≥5.0% - < 6.0% | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| ≥6.0% - < 7.0% | 323,031,825.54 | 58.80% | 13,379 | 48.11% | 174,756,908.20 | 61.05% |
| ≥7.0% - < 8.0% | 46,500,169.29 | 8.46% | 2,901 | 10.43% | 26,515,311.27 | 9.26% |
| ≥8.0% - < 9.0% | 75,149,950.68 | 13.68% | 5,223 | 18.78% | 38,589,149.56 | 13.48% |
| ≥9.0% - < 10.0% | 45,776,754.50 | 8.33% | 2,926 | 10.52% | 21,720,621.45 | 7.59% |
| ≥ 10% | 58,945,392.25 | 10.73% | 3,381 | 12.16% | 24,656,626.46 | 8.61% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

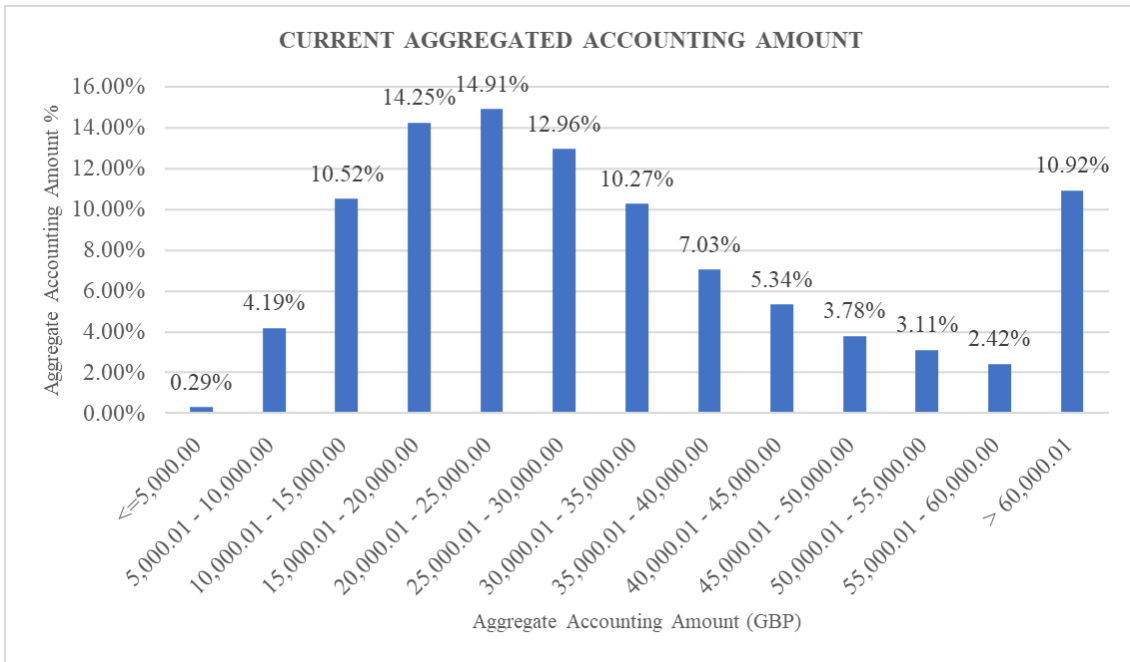
Min 6.00
 Max 14.99
 Weighted Average 7.59



CURRENT AGGREGATED ACCOUNTING AMOUNT

| Aggregate Accounting Amount (GBP) | Aggregate Accounting Amount (GBP) | Aggregate Accounting Amount % | Number of Contracts | Number of Contracts in % | RV Accounting Amount (GBP) | RV Accounting Amount % |
|-----------------------------------|-----------------------------------|-------------------------------|---------------------|--------------------------|----------------------------|------------------------|
| <=5,000.00 | 1,880,275.45 | 0.29% | 456 | 1.64% | 1,347,471.15 | 0.39% |
| 5,000.01 - 10,000.00 | 26,710,954.26 | 4.19% | 3,376 | 12.14% | 17,419,600.30 | 5.07% |
| 10,000.01 - 15,000.00 | 67,165,751.56 | 10.52% | 5,372 | 19.32% | 40,926,129.27 | 11.91% |
| 15,000.01 - 20,000.00 | 90,962,205.75 | 14.25% | 5,214 | 18.75% | 51,035,158.31 | 14.85% |
| 20,000.01 - 25,000.00 | 95,161,037.75 | 14.91% | 4,248 | 15.28% | 51,373,805.50 | 14.95% |
| 25,000.01 - 30,000.00 | 82,717,059.11 | 12.96% | 3,017 | 10.85% | 42,863,631.48 | 12.47% |
| 30,000.01 - 35,000.00 | 65,551,328.11 | 10.27% | 2,030 | 7.30% | 33,704,292.19 | 9.81% |
| 35,000.01 - 40,000.00 | 44,862,542.82 | 7.03% | 1,202 | 4.32% | 22,855,086.35 | 6.65% |
| 40,000.01 - 45,000.00 | 34,076,115.61 | 5.34% | 807 | 2.90% | 17,023,718.16 | 4.95% |
| 45,000.01 - 50,000.00 | 24,133,123.28 | 3.78% | 510 | 1.83% | 12,184,762.72 | 3.55% |
| 50,000.01 - 55,000.00 | 19,850,165.80 | 3.11% | 379 | 1.36% | 10,231,471.09 | 2.98% |
| 55,000.01 - 60,000.00 | 15,450,993.89 | 2.42% | 269 | 0.97% | 7,961,587.30 | 2.32% |
| >60,000.00 | 69,705,911.85 | 10.92% | 930 | 3.34% | 34,758,279.26 | 10.11% |
| Total | 638,227,465.24 | 100.00% | 27,810 | 100.00% | 343,684,993.08 | 100.00% |

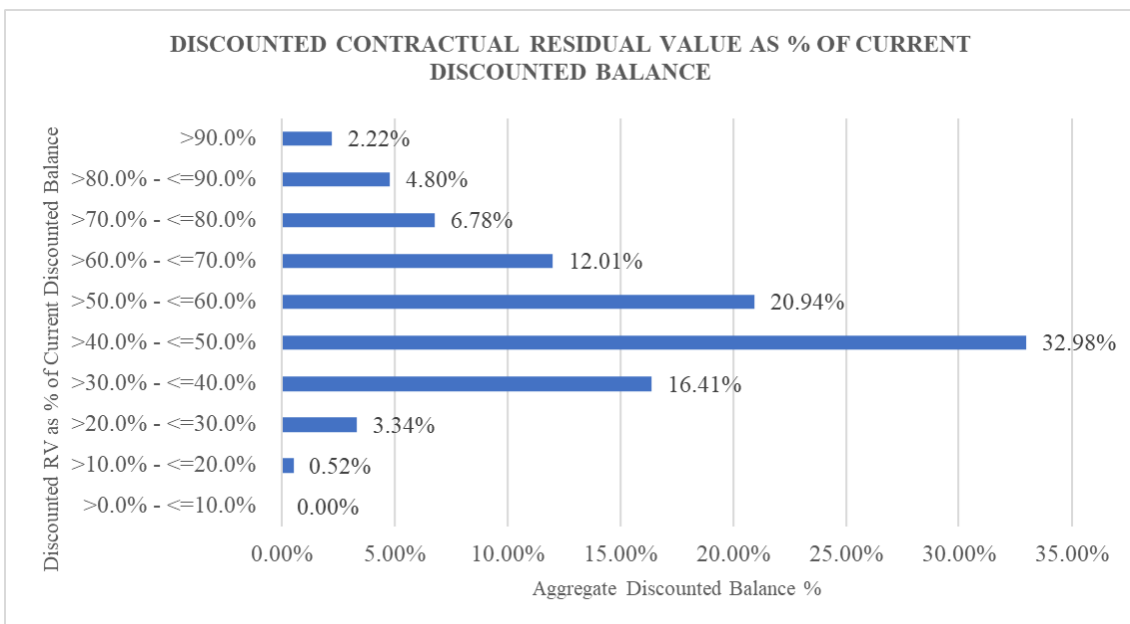
Min 1,777.36
 Max 122,056.32
 Average 22,949.57



DISCOUNTED CONTRACTUAL RESIDUAL VALUE AS % OF CURRENT DISCOUNTED BALANCE

| Discounted RV as % of Current Discounted Balance | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| >0.0% - ≤10.0% | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| >10.0% - ≤20.0% | 2,864,946.32 | 0.52% | 183 | 0.66% | 509,379.54 | 0.18% |
| >20.0% - ≤30.0% | 18,354,729.61 | 3.34% | 1,037 | 3.73% | 4,763,142.95 | 1.66% |
| >30.0% - ≤40.0% | 90,171,628.00 | 16.41% | 3,987 | 14.34% | 32,735,083.73 | 11.44% |
| >40.0% - ≤50.0% | 181,186,153.29 | 32.98% | 7,675 | 27.60% | 81,439,636.19 | 28.45% |
| >50.0% - ≤60.0% | 115,040,640.78 | 20.94% | 5,909 | 21.25% | 62,666,361.76 | 21.89% |
| >60.0% - ≤70.0% | 66,008,562.76 | 12.01% | 3,960 | 14.24% | 42,604,746.30 | 14.88% |
| >70.0% - ≤80.0% | 37,244,986.93 | 6.78% | 2,400 | 8.63% | 27,772,829.01 | 9.70% |
| >80.0% - ≤90.0% | 26,358,129.63 | 4.80% | 1,796 | 6.46% | 22,354,281.10 | 7.81% |
| >90.0% | 12,174,314.94 | 2.22% | 863 | 3.10% | 11,393,156.36 | 3.98% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

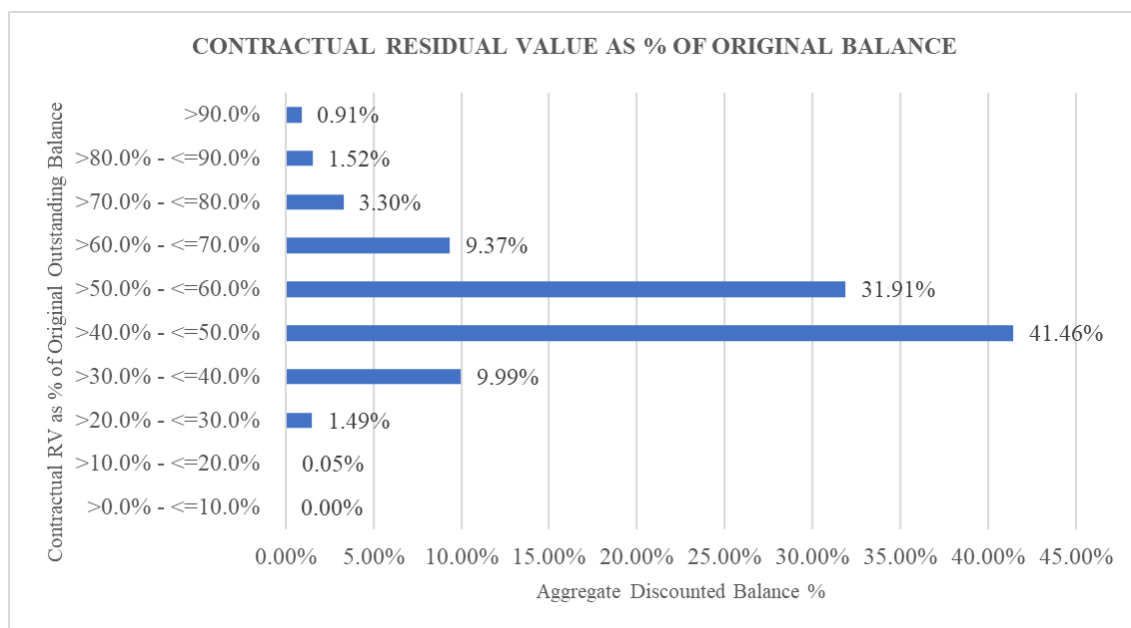
Min..... 10.68%
 Max..... 98.92%
 Weighted Average..... 52.10%



CONTRACTUAL RESIDUAL VALUE AS % OF ORIGINAL BALANCE

| Contractual RV as % of Original Outstanding Balance | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|---|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| >0.0% - <=10.0% | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| >10.0% - <=20.0% | 287,583.44 | 0.05% | 29 | 0.10% | 49,924.51 | 0.02% |
| >20.0% - <=30.0% | 8,212,421.63 | 1.49% | 658 | 2.37% | 2,206,843.45 | 0.77% |
| >30.0% - <=40.0% | 54,881,320.13 | 9.99% | 3,676 | 13.22% | 22,285,629.63 | 7.79% |
| >40.0% - <=50.0% | 227,803,670.98 | 41.46% | 11,609 | 41.74% | 111,772,504.85 | 39.05% |
| >50.0% - <=60.0% | 175,306,397.35 | 31.91% | 7,977 | 28.68% | 95,429,447.91 | 33.34% |
| >60.0% - <=70.0% | 51,461,554.82 | 9.37% | 2,372 | 8.53% | 31,310,804.65 | 10.94% |
| >70.0% - <=80.0% | 18,112,901.09 | 3.30% | 863 | 3.10% | 12,485,716.69 | 4.36% |
| >80.0% - <=90.0% | 8,352,362.11 | 1.52% | 393 | 1.41% | 6,490,924.36 | 2.27% |
| >90.0% | 4,985,880.71 | 0.91% | 233 | 0.84% | 4,206,820.89 | 1.47% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |

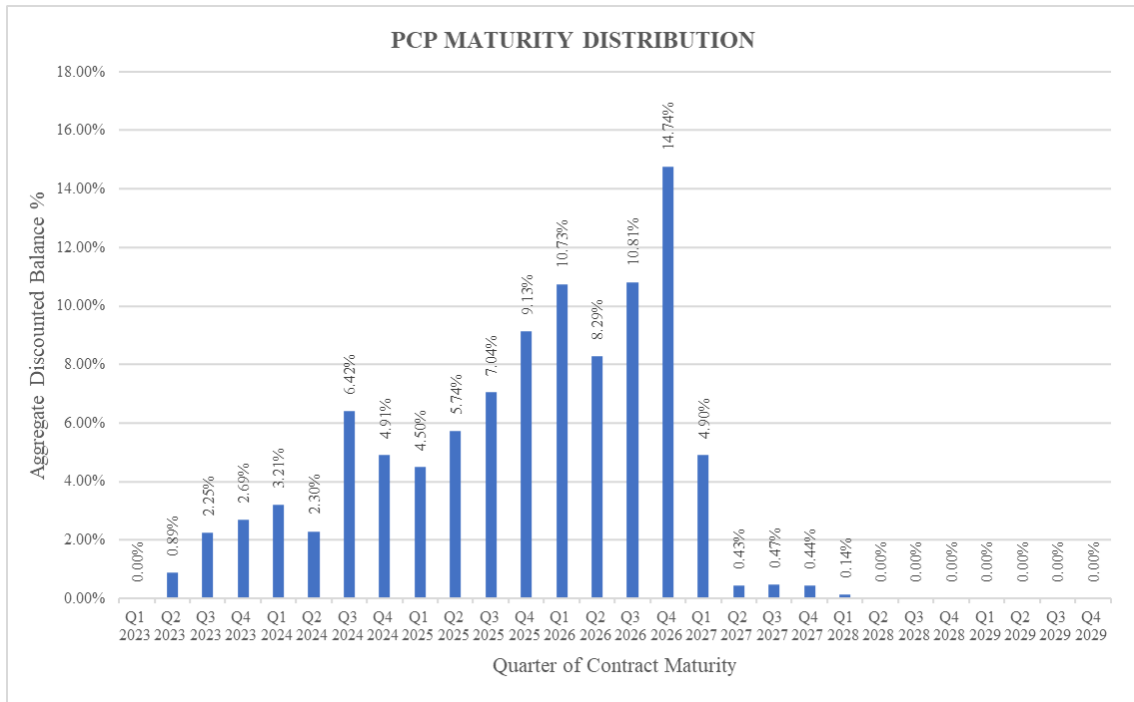
| | |
|------------------------|---------|
| Min | 15.87% |
| Max | 100.00% |
| Weighted Average | 50.84% |



PCP MATURITY DISTRIBUTION

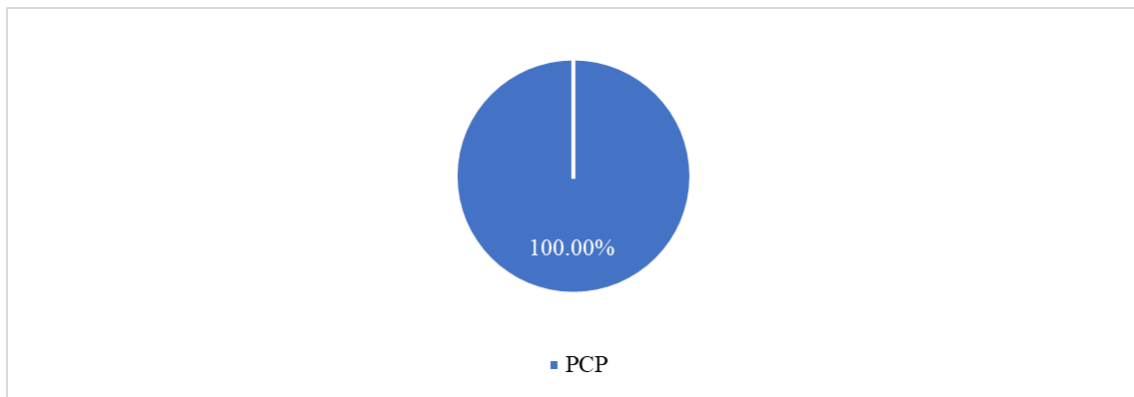
| Quarter of Contract Maturity | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|------------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| Q1 2023 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Q2 2023 | 4,897,364.18 | 0.89% | 446 | 1.60% | 4,638,941.86 | 1.62% |
| Q3 2023 | 12,345,511.00 | 2.25% | 997 | 3.59% | 11,023,921.16 | 3.85% |
| Q4 2023 | 14,785,947.44 | 2.69% | 1,126 | 4.05% | 12,299,768.86 | 4.30% |
| Q1 2024 | 17,618,114.02 | 3.21% | 1,403 | 5.04% | 13,503,299.86 | 4.72% |
| Q2 2024 | 12,613,213.16 | 2.30% | 916 | 3.29% | 9,069,110.90 | 3.17% |
| Q3 2024 | 35,284,003.24 | 6.42% | 2,392 | 8.60% | 23,439,814.99 | 8.19% |
| Q4 2024 | 26,967,608.16 | 4.91% | 1,793 | 6.45% | 16,957,250.62 | 5.92% |
| Q1 2025 | 24,703,707.95 | 4.50% | 1,584 | 5.70% | 14,563,955.27 | 5.09% |
| Q2 2025 | 31,532,937.19 | 5.74% | 1,839 | 6.61% | 17,444,872.10 | 6.09% |
| Q3 2025 | 38,682,224.56 | 7.04% | 1,985 | 7.14% | 20,172,727.74 | 7.05% |
| Q4 2025 | 50,163,155.23 | 9.13% | 2,436 | 8.76% | 24,782,383.88 | 8.66% |
| Q1 2026 | 58,931,262.61 | 10.73% | 2,635 | 9.48% | 27,527,929.28 | 9.62% |
| Q2 2026 | 45,533,086.20 | 8.29% | 1,917 | 6.89% | 20,320,022.51 | 7.10% |
| Q3 2026 | 59,370,127.24 | 10.81% | 2,165 | 7.78% | 25,119,008.31 | 8.78% |
| Q4 2026 | 80,976,174.67 | 14.74% | 2,737 | 9.84% | 33,338,043.39 | 11.65% |
| Q1 2027 | 26,916,794.71 | 4.90% | 1,018 | 3.66% | 10,161,999.26 | 3.55% |
| Q2 2027 | 2,349,406.77 | 0.43% | 122 | 0.44% | 578,599.23 | 0.20% |
| Q3 2027 | 2,560,361.79 | 0.47% | 139 | 0.50% | 627,448.06 | 0.22% |
| Q4 2027 | 2,416,391.59 | 0.44% | 129 | 0.46% | 514,944.44 | 0.18% |
| Q1 2028 | 756,700.55 | 0.14% | 31 | 0.11% | 154,575.22 | 0.05% |
| Q2 2028 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Q3 2028 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Q4 2028 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Q1 2029 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Q2 2029 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Q3 2029 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |

| Quarter of Contract Maturity | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|------------------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| Q4 2029 | 0.00 | 0.00% | 0 | 0.00% | 0.00 | 0.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



PRODUCT TYPE

| Product Type | Aggregate Discounted Balance (GBP) | Aggregate Discounted Balance % | Number of Contracts | Number of Contracts in % | Aggregate Discounted RV (GBP) | Aggregate Discounted RV % |
|--------------------|------------------------------------|--------------------------------|---------------------|--------------------------|-------------------------------|---------------------------|
| PCP | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |
| Total | 549,404,092.26 | 100.00% | 27,810 | 100.00% | 286,238,616.94 | 100.00% |



2. **Historical performance data**

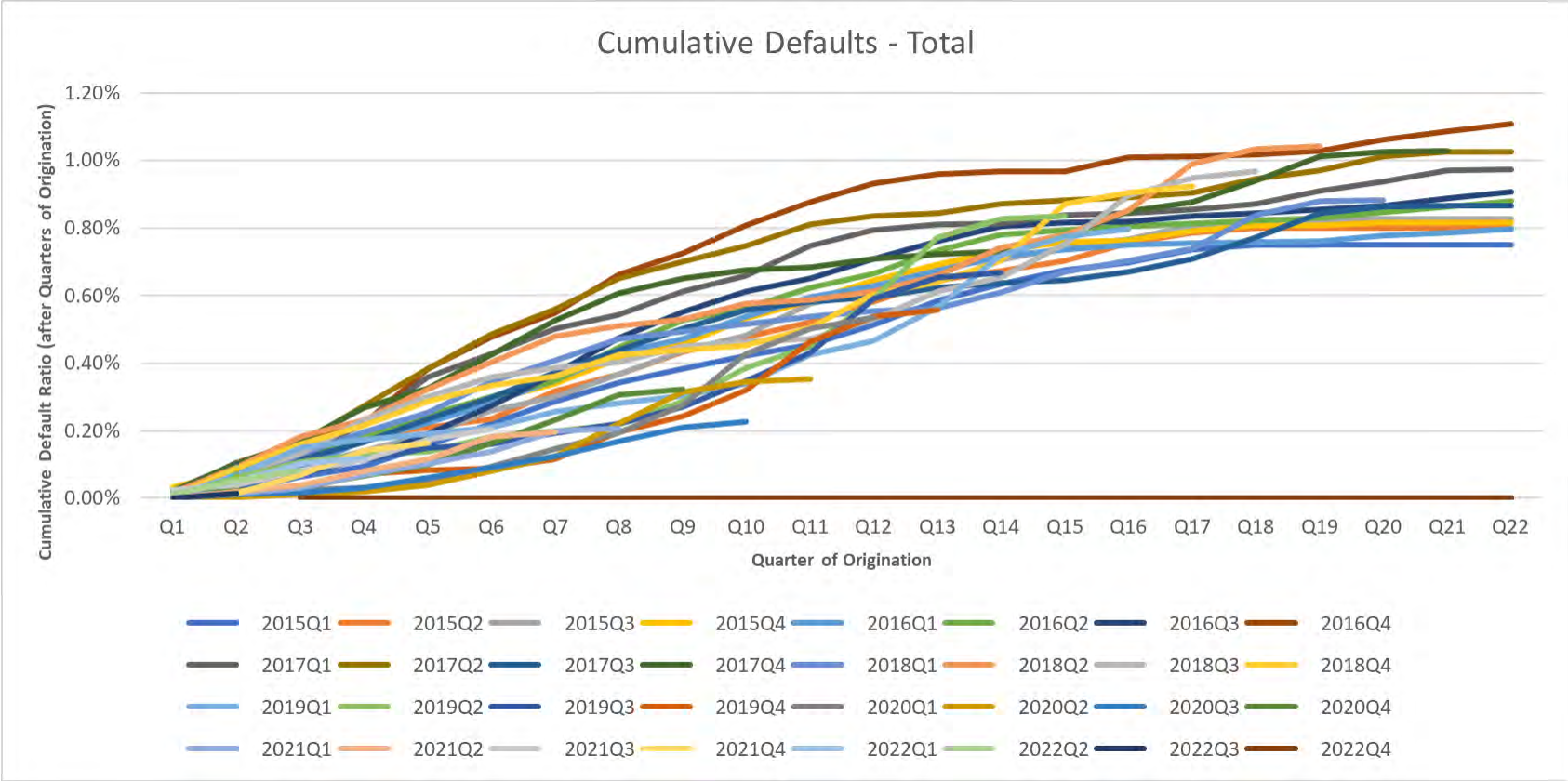
(1) **Defaults Total**

| DEFAULTS - TOTAL Quarter of Origination | Cumulative Default Ratio (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 0.01% | 0.02% | 0.06% | 0.09% | 0.16% | 0.22% | 0.29% | 0.34% | 0.38% | 0.42% | 0.46% | 0.51% | 0.58% | 0.63% | 0.68% | 0.70% | 0.74% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% |
| 2015Q2 | 0.01% | 0.05% | 0.14% | 0.18% | 0.21% | 0.23% | 0.32% | 0.37% | 0.43% | 0.48% | 0.52% | 0.58% | 0.65% | 0.67% | 0.70% | 0.76% | 0.79% | 0.80% | 0.80% | 0.80% | 0.80% | 0.80% |
| 2015Q3 | 0.02% | 0.06% | 0.09% | 0.14% | 0.19% | 0.26% | 0.30% | 0.37% | 0.44% | 0.48% | 0.58% | 0.62% | 0.69% | 0.70% | 0.74% | 0.77% | 0.81% | 0.83% | 0.83% | 0.83% | 0.83% | 0.83% |
| 2015Q4 | 0.03% | 0.08% | 0.15% | 0.17% | 0.22% | 0.29% | 0.34% | 0.41% | 0.46% | 0.53% | 0.58% | 0.65% | 0.69% | 0.73% | 0.76% | 0.77% | 0.79% | 0.81% | 0.81% | 0.82% | 0.82% | 0.82% |
| 2016Q1 | 0.00% | 0.06% | 0.09% | 0.17% | 0.22% | 0.28% | 0.35% | 0.43% | 0.47% | 0.54% | 0.60% | 0.63% | 0.67% | 0.72% | 0.74% | 0.75% | 0.76% | 0.76% | 0.76% | 0.78% | 0.79% | 0.80% |
| 2016Q2 | 0.02% | 0.07% | 0.12% | 0.18% | 0.24% | 0.30% | 0.35% | 0.45% | 0.53% | 0.56% | 0.62% | 0.67% | 0.73% | 0.78% | 0.79% | 0.81% | 0.81% | 0.82% | 0.83% | 0.85% | 0.86% | 0.88% |
| 2016Q3 | 0.00% | 0.05% | 0.07% | 0.12% | 0.19% | 0.27% | 0.37% | 0.47% | 0.55% | 0.61% | 0.65% | 0.71% | 0.76% | 0.80% | 0.82% | 0.82% | 0.84% | 0.84% | 0.85% | 0.86% | 0.89% | 0.91% |
| 2016Q4 | 0.01% | 0.10% | 0.17% | 0.22% | 0.38% | 0.48% | 0.55% | 0.66% | 0.73% | 0.81% | 0.88% | 0.93% | 0.96% | 0.97% | 0.97% | 1.01% | 1.01% | 1.02% | 1.03% | 1.06% | 1.09% | 1.11% |
| 2017Q1 | 0.01% | 0.08% | 0.12% | 0.22% | 0.36% | 0.43% | 0.50% | 0.54% | 0.61% | 0.66% | 0.75% | 0.79% | 0.81% | 0.81% | 0.84% | 0.84% | 0.85% | 0.87% | 0.91% | 0.94% | 0.97% | 0.97% |
| 2017Q2 | 0.01% | 0.09% | 0.16% | 0.27% | 0.38% | 0.49% | 0.56% | 0.65% | 0.70% | 0.75% | 0.81% | 0.84% | 0.84% | 0.87% | 0.88% | 0.89% | 0.90% | 0.94% | 0.97% | 1.01% | 1.03% | 1.03% |
| 2017Q3 | 0.01% | 0.06% | 0.12% | 0.17% | 0.24% | 0.30% | 0.37% | 0.44% | 0.50% | 0.56% | 0.58% | 0.60% | 0.62% | 0.64% | 0.64% | 0.67% | 0.71% | 0.77% | 0.84% | 0.86% | 0.87% | 0.87% |
| 2017Q4 | 0.02% | 0.10% | 0.17% | 0.27% | 0.32% | 0.43% | 0.53% | 0.61% | 0.65% | 0.68% | 0.68% | 0.71% | 0.72% | 0.73% | 0.78% | 0.85% | 0.88% | 0.94% | 1.01% | 1.03% | 1.03% | |
| 2018Q1 | 0.01% | 0.05% | 0.13% | 0.20% | 0.25% | 0.34% | 0.41% | 0.47% | 0.49% | 0.51% | 0.54% | 0.55% | 0.56% | 0.61% | 0.67% | 0.70% | 0.74% | 0.84% | 0.88% | 0.88% | | |
| 2018Q2 | 0.02% | 0.09% | 0.18% | 0.23% | 0.32% | 0.40% | 0.48% | 0.51% | 0.53% | 0.58% | 0.59% | 0.61% | 0.66% | 0.74% | 0.78% | 0.85% | 0.99% | 1.03% | 1.04% | | | |
| 2018Q3 | 0.00% | 0.07% | 0.13% | 0.23% | 0.30% | 0.36% | 0.39% | 0.40% | 0.45% | 0.46% | 0.47% | 0.53% | 0.61% | 0.65% | 0.75% | 0.90% | 0.95% | 0.97% | | | | |
| 2018Q4 | 0.01% | 0.09% | 0.16% | 0.21% | 0.29% | 0.33% | 0.36% | 0.43% | 0.44% | 0.45% | 0.50% | 0.60% | 0.64% | 0.70% | 0.87% | 0.90% | 0.92% | | | | | |
| 2019Q1 | 0.01% | 0.07% | 0.15% | 0.17% | 0.19% | 0.21% | 0.26% | 0.28% | 0.30% | 0.34% | 0.42% | 0.47% | 0.57% | 0.72% | 0.78% | 0.80% | | | | | | |
| 2019Q2 | 0.01% | 0.06% | 0.11% | 0.13% | 0.14% | 0.18% | 0.20% | 0.22% | 0.29% | 0.39% | 0.45% | 0.59% | 0.77% | 0.83% | 0.84% | | | | | | | |
| 2019Q3 | 0.01% | 0.03% | 0.09% | 0.11% | 0.15% | 0.16% | 0.19% | 0.22% | 0.27% | 0.35% | 0.43% | 0.59% | 0.65% | 0.67% | | | | | | | | |
| 2019Q4 | 0.01% | 0.02% | 0.03% | 0.07% | 0.08% | 0.09% | 0.12% | 0.19% | 0.24% | 0.32% | 0.46% | 0.54% | 0.56% | | | | | | | | | |
| 2020Q1 | 0.00% | 0.01% | 0.03% | 0.03% | 0.05% | 0.09% | 0.15% | 0.19% | 0.28% | 0.43% | 0.50% | 0.53% | | | | | | | | | | |

**DEFAULTS
- TOTAL
Quarter of
Origination**

Cumulative Default Ratio (after Quarters of Origination)

| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2020Q2 | | 0.00% | 0.01% | 0.02% | 0.04% | 0.08% | 0.12% | 0.22% | 0.32% | 0.34% | 0.35% | | | | | | | | | | | |
| 2020Q3 | | 0.01% | 0.02% | 0.03% | 0.06% | 0.09% | 0.12% | 0.17% | 0.21% | 0.23% | | | | | | | | | | | | |
| 2020Q4 | 0.01% | 0.02% | 0.03% | 0.07% | 0.10% | 0.16% | 0.23% | 0.31% | 0.32% | | | | | | | | | | | | | |
| 2021Q1 | 0.01% | 0.02% | 0.03% | 0.07% | 0.10% | 0.14% | 0.20% | 0.21% | | | | | | | | | | | | | | |
| 2021Q2 | | 0.02% | 0.04% | 0.08% | 0.12% | 0.18% | 0.20% | | | | | | | | | | | | | | | |
| 2021Q3 | 0.02% | 0.04% | 0.08% | 0.11% | 0.17% | 0.20% | | | | | | | | | | | | | | | | |
| 2021Q4 | 0.00% | 0.01% | 0.07% | 0.14% | 0.16% | | | | | | | | | | | | | | | | | |
| 2022Q1 | 0.01% | 0.05% | 0.10% | 0.12% | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 0.01% | 0.05% | 0.08% | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | | 0.01% | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 0.01% | | | | | | | | | | | | | | | | | | | | | |



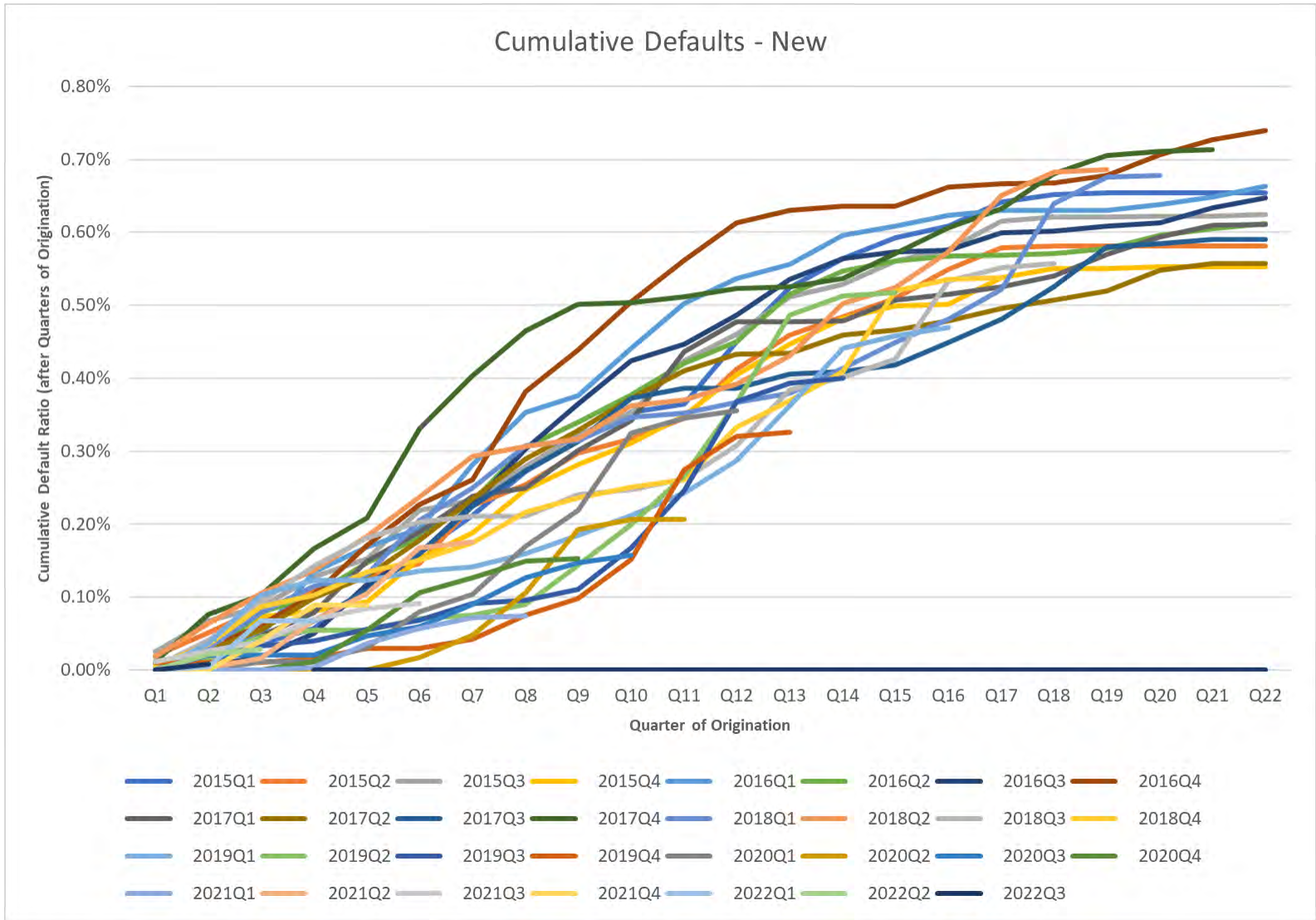
(2) Defaults New

**DEFAULTS
- NEW**

| Quarter of Origination | Cumulative Default Ratio (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | |
|------------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | | 0.02% | 0.04% | 0.06% | 0.11% | 0.16% | 0.21% | 0.27% | 0.31% | 0.35% | 0.36% | 0.45% | 0.52% | 0.56% | 0.59% | 0.61% | 0.64% | 0.65% | 0.65% | 0.65% | 0.65% | 0.65% |
| 2015Q2 | 0.02% | 0.05% | 0.08% | 0.11% | 0.13% | 0.15% | 0.23% | 0.25% | 0.30% | 0.32% | 0.35% | 0.41% | 0.46% | 0.48% | 0.51% | 0.55% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% |
| 2015Q3 | 0.03% | 0.07% | 0.09% | 0.13% | 0.15% | 0.22% | 0.23% | 0.28% | 0.32% | 0.35% | 0.42% | 0.46% | 0.51% | 0.53% | 0.56% | 0.58% | 0.61% | 0.62% | 0.62% | 0.62% | 0.62% | 0.62% |
| 2015Q4 | | 0.03% | 0.07% | 0.08% | 0.09% | 0.15% | 0.19% | 0.25% | 0.28% | 0.31% | 0.35% | 0.40% | 0.45% | 0.48% | 0.50% | 0.50% | 0.54% | 0.55% | 0.55% | 0.55% | 0.55% | 0.55% |
| 2016Q1 | | 0.03% | 0.05% | 0.13% | 0.17% | 0.19% | 0.28% | 0.35% | 0.38% | 0.44% | 0.50% | 0.54% | 0.56% | 0.60% | 0.61% | 0.62% | 0.63% | 0.63% | 0.63% | 0.64% | 0.65% | 0.66% |
| 2016Q2 | 0.01% | 0.02% | 0.08% | 0.10% | 0.15% | 0.18% | 0.23% | 0.30% | 0.34% | 0.38% | 0.42% | 0.45% | 0.52% | 0.55% | 0.56% | 0.57% | 0.57% | 0.57% | 0.58% | 0.60% | 0.61% | 0.61% |
| 2016Q3 | | 0.01% | 0.02% | 0.05% | 0.12% | 0.16% | 0.23% | 0.30% | 0.36% | 0.42% | 0.45% | 0.49% | 0.54% | 0.56% | 0.57% | 0.58% | 0.60% | 0.60% | 0.61% | 0.61% | 0.63% | 0.65% |
| 2016Q4 | | 0.03% | 0.06% | 0.10% | 0.17% | 0.23% | 0.26% | 0.38% | 0.44% | 0.50% | 0.56% | 0.61% | 0.63% | 0.64% | 0.64% | 0.66% | 0.67% | 0.67% | 0.68% | 0.71% | 0.73% | 0.74% |
| 2017Q1 | | 0.01% | 0.05% | 0.08% | 0.15% | 0.19% | 0.24% | 0.25% | 0.30% | 0.34% | 0.44% | 0.48% | 0.48% | 0.48% | 0.51% | 0.52% | 0.53% | 0.54% | 0.57% | 0.59% | 0.61% | 0.61% |
| 2017Q2 | | 0.03% | 0.06% | 0.10% | 0.13% | 0.18% | 0.23% | 0.29% | 0.33% | 0.37% | 0.41% | 0.43% | 0.43% | 0.46% | 0.47% | 0.48% | 0.50% | 0.51% | 0.52% | 0.55% | 0.56% | 0.56% |
| 2017Q3 | | 0.03% | 0.04% | 0.07% | 0.11% | 0.16% | 0.22% | 0.27% | 0.31% | 0.37% | 0.39% | 0.39% | 0.41% | 0.41% | 0.42% | 0.45% | 0.48% | 0.53% | 0.58% | 0.58% | 0.59% | 0.59% |
| 2017Q4 | 0.01% | 0.08% | 0.10% | 0.17% | 0.21% | 0.33% | 0.40% | 0.46% | 0.50% | 0.50% | 0.51% | 0.52% | 0.53% | 0.54% | 0.57% | 0.61% | 0.63% | 0.68% | 0.70% | 0.71% | 0.71% | |
| 2018Q1 | 0.00% | 0.03% | 0.08% | 0.12% | 0.13% | 0.21% | 0.25% | 0.31% | 0.31% | 0.35% | 0.35% | 0.37% | 0.38% | 0.41% | 0.45% | 0.48% | 0.52% | 0.64% | 0.68% | 0.68% | | |
| 2018Q2 | 0.02% | 0.06% | 0.11% | 0.14% | 0.18% | 0.24% | 0.29% | 0.31% | 0.32% | 0.36% | 0.37% | 0.39% | 0.43% | 0.50% | 0.52% | 0.57% | 0.65% | 0.68% | 0.69% | | | |
| 2018Q3 | 0.00% | 0.04% | 0.09% | 0.14% | 0.18% | 0.20% | 0.21% | 0.21% | 0.24% | 0.25% | 0.26% | 0.31% | 0.38% | 0.40% | 0.43% | 0.53% | 0.55% | 0.56% | | | | |
| 2018Q4 | 0.01% | 0.04% | 0.09% | 0.10% | 0.13% | 0.15% | 0.17% | 0.22% | 0.24% | 0.25% | 0.26% | 0.33% | 0.37% | 0.41% | 0.52% | 0.54% | 0.54% | | | | | |
| 2019Q1 | | 0.04% | 0.10% | 0.12% | 0.12% | 0.13% | 0.14% | 0.16% | 0.18% | 0.21% | 0.24% | 0.29% | 0.36% | 0.44% | 0.46% | 0.47% | | | | | | |
| 2019Q2 | | 0.02% | 0.05% | 0.05% | 0.05% | 0.07% | 0.08% | 0.09% | 0.14% | 0.20% | 0.27% | 0.37% | 0.49% | 0.51% | 0.52% | | | | | | | |
| 2019Q3 | | 0.01% | 0.03% | 0.04% | 0.06% | 0.07% | 0.09% | 0.10% | 0.11% | 0.17% | 0.25% | 0.37% | 0.39% | 0.40% | | | | | | | | |
| 2019Q4 | 0.01% | 0.01% | 0.01% | 0.02% | 0.03% | 0.03% | 0.04% | 0.08% | 0.10% | 0.15% | 0.27% | 0.32% | 0.33% | | | | | | | | | |
| 2020Q1 | | | 0.01% | 0.01% | 0.03% | 0.08% | 0.10% | 0.17% | 0.22% | 0.32% | 0.35% | 0.36% | | | | | | | | | | |
| 2020Q2 | | | | | | 0.02% | 0.05% | 0.11% | 0.19% | 0.21% | 0.21% | | | | | | | | | | | |
| 2020Q3 | | 0.02% | 0.02% | 0.02% | 0.05% | 0.06% | 0.09% | 0.13% | 0.15% | 0.16% | | | | | | | | | | | | |
| 2020Q4 | | | | 0.01% | 0.05% | 0.11% | 0.13% | 0.15% | 0.15% | | | | | | | | | | | | | |

**DEFAULTS
- NEW**

| Quarter of Origination | Cumulative Default Ratio (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | | |
|------------------------|--|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | |
| 2021Q1 | | | | 0.00% | 0.04% | 0.06% | 0.07% | 0.07% | | | | | | | | | | | | | | | |
| 2021Q2 | | 0.00% | 0.02% | 0.07% | 0.10% | 0.17% | 0.18% | | | | | | | | | | | | | | | | |
| 2021Q3 | 0.01% | 0.03% | 0.04% | 0.07% | 0.08% | 0.09% | | | | | | | | | | | | | | | | | |
| 2021Q4 | | | 0.04% | 0.09% | 0.09% | | | | | | | | | | | | | | | | | | |
| 2022Q1 | | 0.00% | 0.07% | 0.07% | | | | | | | | | | | | | | | | | | | |
| 2022Q2 | | 0.02% | 0.03% | | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | | 0.01% | | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | | | | | | | | | | | | | | | | | | | | | | | |

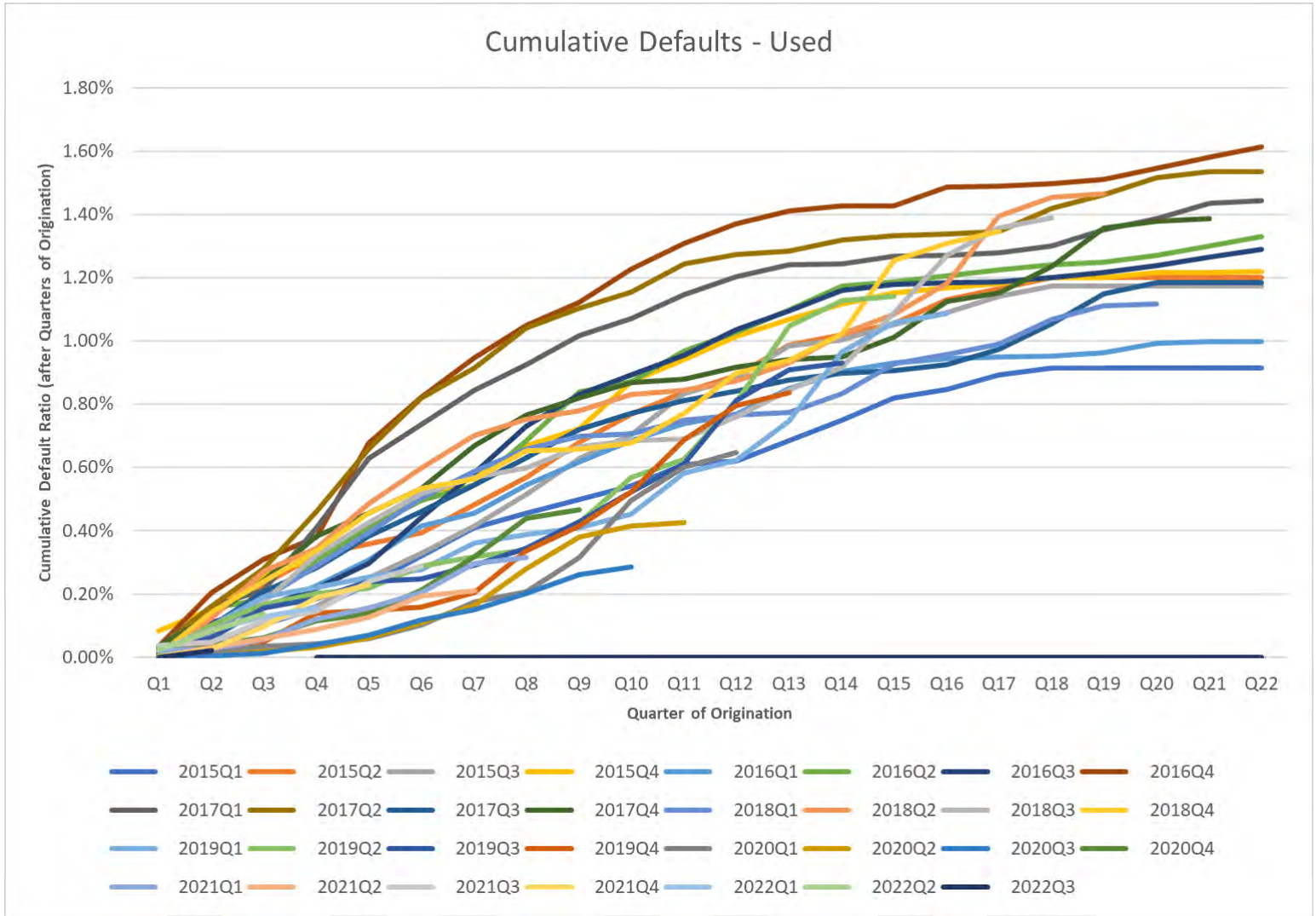


(3) Defaults Used

| Quarter of Origination | Cumulative Default Ratio (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | |
|------------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 0.01% | 0.02% | 0.11% | 0.15% | 0.23% | 0.32% | 0.41% | 0.46% | 0.50% | 0.54% | 0.61% | 0.62% | 0.68% | 0.75% | 0.82% | 0.85% | 0.89% | 0.91% | 0.91% | 0.91% | 0.91% | 0.91% |
| 2015Q2 | | 0.04% | 0.23% | 0.32% | 0.36% | 0.39% | 0.48% | 0.57% | 0.68% | 0.77% | 0.84% | 0.89% | 0.99% | 1.02% | 1.05% | 1.13% | 1.17% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% |
| 2015Q3 | 0.01% | 0.05% | 0.10% | 0.16% | 0.25% | 0.33% | 0.41% | 0.51% | 0.63% | 0.70% | 0.83% | 0.88% | 0.98% | 1.00% | 1.05% | 1.09% | 1.14% | 1.17% | 1.17% | 1.17% | 1.17% | 1.17% |
| 2015Q4 | 0.08% | 0.15% | 0.26% | 0.31% | 0.42% | 0.50% | 0.57% | 0.67% | 0.72% | 0.87% | 0.94% | 1.02% | 1.07% | 1.12% | 1.15% | 1.17% | 1.18% | 1.20% | 1.20% | 1.22% | 1.22% | 1.22% |
| 2016Q1 | 0.01% | 0.11% | 0.15% | 0.22% | 0.31% | 0.41% | 0.45% | 0.54% | 0.62% | 0.68% | 0.74% | 0.77% | 0.85% | 0.90% | 0.93% | 0.94% | 0.95% | 0.95% | 0.96% | 0.99% | 1.00% | 1.00% |
| 2016Q2 | 0.03% | 0.16% | 0.18% | 0.31% | 0.41% | 0.50% | 0.54% | 0.68% | 0.84% | 0.87% | 0.97% | 1.03% | 1.10% | 1.17% | 1.19% | 1.20% | 1.22% | 1.24% | 1.25% | 1.27% | 1.30% | 1.33% |
| 2016Q3 | 0.01% | 0.11% | 0.16% | 0.22% | 0.30% | 0.44% | 0.58% | 0.73% | 0.83% | 0.89% | 0.96% | 1.04% | 1.10% | 1.16% | 1.18% | 1.18% | 1.19% | 1.20% | 1.22% | 1.24% | 1.27% | 1.29% |
| 2016Q4 | 0.03% | 0.21% | 0.31% | 0.38% | 0.68% | 0.82% | 0.95% | 1.05% | 1.12% | 1.23% | 1.31% | 1.37% | 1.41% | 1.43% | 1.43% | 1.49% | 1.49% | 1.50% | 1.51% | 1.55% | 1.58% | 1.61% |
| 2017Q1 | 0.03% | 0.16% | 0.21% | 0.41% | 0.63% | 0.73% | 0.84% | 0.92% | 1.02% | 1.07% | 1.15% | 1.20% | 1.24% | 1.24% | 1.27% | 1.27% | 1.28% | 1.30% | 1.35% | 1.39% | 1.44% | 1.44% |
| 2017Q2 | 0.03% | 0.16% | 0.28% | 0.46% | 0.66% | 0.82% | 0.91% | 1.04% | 1.10% | 1.15% | 1.24% | 1.27% | 1.29% | 1.32% | 1.33% | 1.34% | 1.34% | 1.42% | 1.46% | 1.52% | 1.53% | 1.53% |
| 2017Q3 | 0.02% | 0.10% | 0.21% | 0.28% | 0.38% | 0.46% | 0.54% | 0.63% | 0.72% | 0.77% | 0.81% | 0.84% | 0.88% | 0.90% | 0.91% | 0.93% | 0.97% | 1.06% | 1.15% | 1.18% | 1.18% | 1.18% |
| 2017Q4 | 0.03% | 0.13% | 0.24% | 0.38% | 0.46% | 0.53% | 0.67% | 0.77% | 0.82% | 0.87% | 0.88% | 0.92% | 0.94% | 0.95% | 1.01% | 1.12% | 1.15% | 1.24% | 1.36% | 1.38% | 1.39% | |
| 2018Q1 | 0.02% | 0.08% | 0.19% | 0.29% | 0.39% | 0.50% | 0.59% | 0.66% | 0.70% | 0.71% | 0.75% | 0.77% | 0.77% | 0.83% | 0.93% | 0.96% | 0.99% | 1.07% | 1.11% | 1.12% | | |
| 2018Q2 | 0.01% | 0.12% | 0.27% | 0.34% | 0.49% | 0.60% | 0.70% | 0.75% | 0.78% | 0.83% | 0.84% | 0.87% | 0.93% | 1.02% | 1.09% | 1.18% | 1.40% | 1.45% | 1.47% | | | |
| 2018Q3 | 0.01% | 0.10% | 0.18% | 0.32% | 0.43% | 0.52% | 0.57% | 0.60% | 0.67% | 0.69% | 0.69% | 0.76% | 0.85% | 0.92% | 1.09% | 1.27% | 1.36% | 1.39% | | | | |
| 2018Q4 | 0.01% | 0.14% | 0.24% | 0.34% | 0.46% | 0.53% | 0.56% | 0.65% | 0.66% | 0.68% | 0.77% | 0.90% | 0.94% | 1.02% | 1.25% | 1.31% | 1.35% | | | | | |
| 2019Q1 | 0.01% | 0.10% | 0.19% | 0.22% | 0.25% | 0.28% | 0.36% | 0.39% | 0.41% | 0.45% | 0.58% | 0.62% | 0.75% | 0.97% | 1.06% | 1.09% | | | | | | |
| 2019Q2 | 0.01% | 0.10% | 0.17% | 0.20% | 0.22% | 0.29% | 0.32% | 0.34% | 0.43% | 0.57% | 0.63% | 0.81% | 1.05% | 1.13% | 1.14% | | | | | | | |
| 2019Q3 | 0.02% | 0.06% | 0.15% | 0.18% | 0.24% | 0.25% | 0.29% | 0.34% | 0.43% | 0.52% | 0.61% | 0.81% | 0.91% | 0.93% | | | | | | | | |
| 2019Q4 | 0.01% | 0.04% | 0.05% | 0.14% | 0.15% | 0.16% | 0.20% | 0.34% | 0.41% | 0.52% | 0.69% | 0.80% | 0.84% | | | | | | | | | |
| 2020Q1 | 0.01% | 0.01% | 0.03% | 0.04% | 0.06% | 0.10% | 0.18% | 0.21% | 0.31% | 0.50% | 0.60% | 0.65% | | | | | | | | | | |
| 2020Q2 | | 0.01% | 0.02% | 0.03% | 0.06% | 0.11% | 0.16% | 0.28% | 0.38% | 0.42% | 0.43% | | | | | | | | | | | |
| 2020Q3 | | 0.01% | 0.01% | 0.04% | 0.07% | 0.12% | 0.15% | 0.20% | 0.26% | 0.29% | | | | | | | | | | | | |
| 2020Q4 | 0.02% | 0.04% | 0.06% | 0.11% | 0.14% | 0.21% | 0.32% | 0.44% | 0.47% | | | | | | | | | | | | | |

**DEFAULTS
- USED**

| Quarter of Origination | Cumulative Default Ratio (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|--|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | |
| 2021Q1 | 0.02% | 0.03% | 0.05% | 0.12% | 0.16% | 0.20% | 0.30% | 0.31% | | | | | | | | | | | | | | | |
| 2021Q2 | | 0.03% | 0.06% | 0.09% | 0.13% | 0.19% | 0.21% | | | | | | | | | | | | | | | | |
| 2021Q3 | 0.04% | 0.05% | 0.11% | 0.14% | 0.24% | 0.29% | | | | | | | | | | | | | | | | | |
| 2021Q4 | 0.00% | 0.03% | 0.10% | 0.19% | 0.23% | | | | | | | | | | | | | | | | | | |
| 2022Q1 | 0.02% | 0.08% | 0.13% | 0.16% | | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 0.02% | 0.08% | 0.14% | | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | | 0.02% | | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 0.03% | | | | | | | | | | | | | | | | | | | | | | |



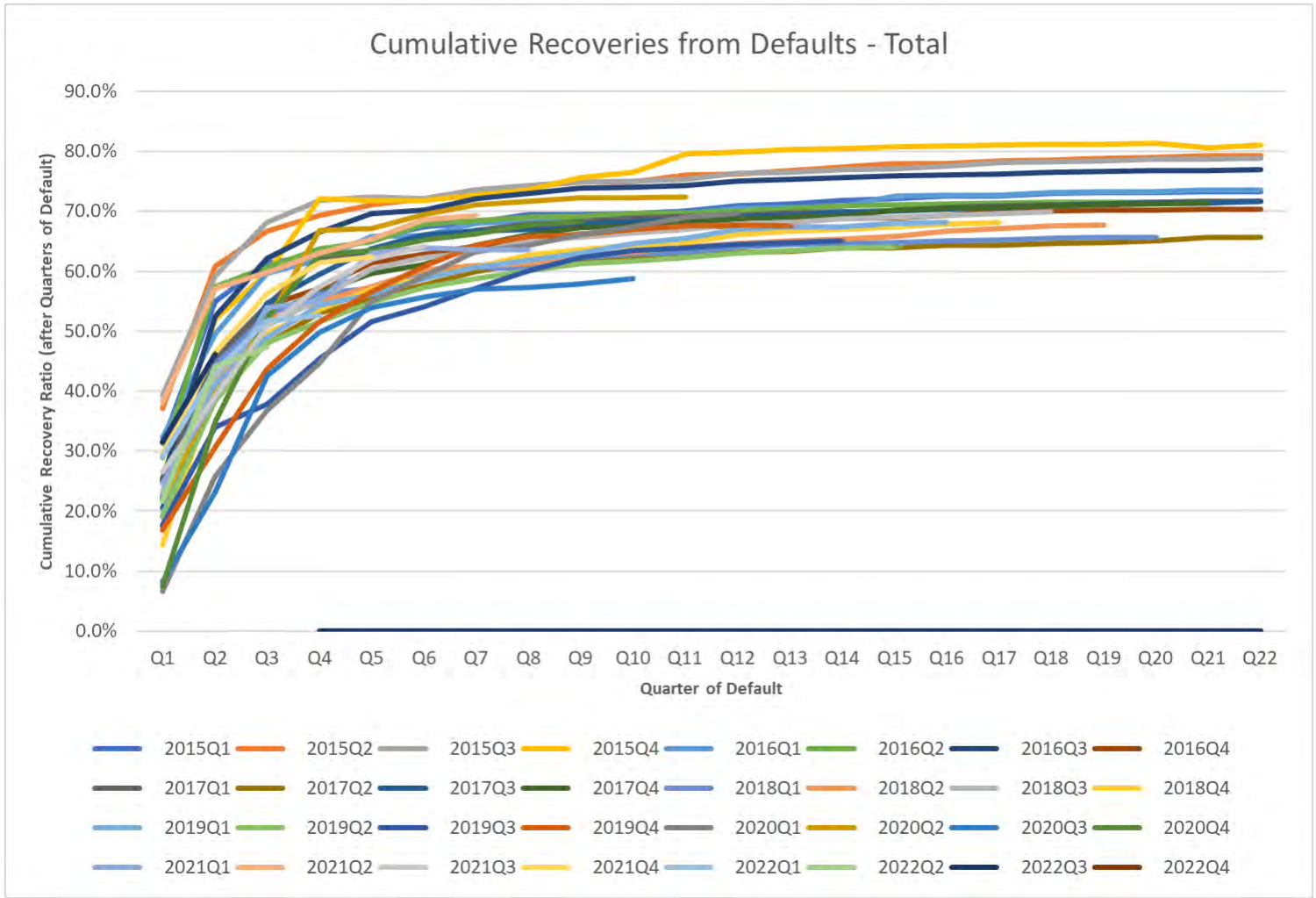
(4) Recoveries from Defaults – Total

| RECOVERIES FROM DEFAULTS - TOTAL Quarter of Default | Cumulative Recovery Ratio (after Quarters of Default) | | | | | | | | | | | | | | | | | | | | | |
|--|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 31.3% | 55.0% | 61.5% | 62.6% | 65.4% | 67.4% | 68.2% | 69.5% | 69.5% | 69.6% | 70.0% | 71.0% | 71.2% | 71.9% | 72.1% | 72.6% | 72.6% | 73.0% | 73.1% | 73.1% | 73.3% | 73.3% |
| 2015Q2 | 37.1% | 60.8% | 66.6% | 69.3% | 71.1% | 72.1% | 73.6% | 74.1% | 74.8% | 74.9% | 76.0% | 76.2% | 76.8% | 77.4% | 77.9% | 78.0% | 78.3% | 78.5% | 78.9% | 79.0% | 79.3% | 79.4% |
| 2015Q3 | 39.3% | 59.2% | 68.1% | 71.9% | 72.4% | 72.1% | 73.6% | 74.3% | 74.8% | 75.0% | 75.4% | 76.3% | 76.5% | 77.0% | 77.1% | 77.6% | 78.1% | 78.2% | 78.3% | 78.7% | 78.7% | 78.8% |
| 2015Q4 | 25.5% | 52.0% | 59.7% | 72.1% | 71.8% | 71.9% | 72.7% | 73.6% | 75.6% | 76.5% | 79.6% | 79.9% | 80.3% | 80.4% | 80.7% | 80.9% | 81.0% | 81.1% | 81.2% | 81.3% | 80.6% | 81.0% |
| 2016Q1 | 32.3% | 49.5% | 59.6% | 62.0% | 65.9% | 66.0% | 67.9% | 68.5% | 69.0% | 69.1% | 69.6% | 70.4% | 70.6% | 70.8% | 72.5% | 72.6% | 72.8% | 73.2% | 73.2% | 73.3% | 73.5% | 73.6% |
| 2016Q2 | 28.8% | 57.5% | 60.6% | 63.7% | 64.9% | 67.9% | 68.5% | 69.0% | 69.2% | 69.6% | 69.7% | 70.0% | 70.5% | 70.9% | 71.1% | 71.3% | 71.4% | 71.5% | 71.5% | 71.6% | 71.6% | 71.6% |
| 2016Q3 | 25.2% | 52.5% | 62.1% | 66.5% | 69.5% | 70.2% | 72.1% | 73.0% | 73.9% | 74.0% | 74.3% | 75.1% | 75.4% | 75.6% | 76.0% | 76.1% | 76.2% | 76.5% | 76.6% | 76.7% | 76.9% | 76.9% |
| 2016Q4 | 22.1% | 44.5% | 54.3% | 57.1% | 61.5% | 62.9% | 64.2% | 64.9% | 66.2% | 66.5% | 67.2% | 67.5% | 68.1% | 68.8% | 68.9% | 69.2% | 70.0% | 70.1% | 70.2% | 70.2% | 70.3% | 70.4% |
| 2017Q1 | 24.9% | 45.4% | 54.3% | 62.2% | 63.3% | 65.5% | 66.8% | 67.9% | 68.3% | 68.8% | 69.1% | 69.3% | 69.7% | 69.9% | 70.0% | 70.6% | 71.0% | 71.1% | 71.2% | 71.6% | 71.6% | 71.7% |
| 2017Q2 | 17.5% | 41.2% | 47.9% | 53.1% | 55.3% | 57.7% | 59.9% | 61.4% | 61.6% | 62.2% | 62.7% | 63.2% | 63.4% | 63.9% | 63.9% | 64.3% | 64.3% | 64.6% | 64.8% | 65.0% | 65.6% | 65.7% |
| 2017Q3 | 20.5% | 38.5% | 54.6% | 59.4% | 63.8% | 66.1% | 66.7% | 67.0% | 67.8% | 68.3% | 68.6% | 69.2% | 69.3% | 69.8% | 70.0% | 70.3% | 70.7% | 70.9% | 71.2% | 71.4% | 71.4% | 71.6% |
| 2017Q4 | 22.1% | 41.4% | 52.7% | 56.4% | 59.6% | 61.1% | 64.3% | 66.1% | 67.3% | 67.6% | 68.2% | 68.8% | 69.0% | 69.2% | 70.2% | 70.5% | 70.6% | 71.0% | 71.0% | 71.2% | 71.3% | |
| 2018Q1 | 22.5% | 44.3% | 52.8% | 56.2% | 57.1% | 59.7% | 60.6% | 60.4% | 62.3% | 62.9% | 63.1% | 64.0% | 64.4% | 64.7% | 64.8% | 65.1% | 65.2% | 65.4% | 65.6% | 65.6% | | |
| 2018Q2 | 16.9% | 42.3% | 51.8% | 55.0% | 57.4% | 60.3% | 60.9% | 61.2% | 62.5% | 63.2% | 64.0% | 64.7% | 65.1% | 65.4% | 65.8% | 66.7% | 67.1% | 67.6% | 67.7% | | | |
| 2018Q3 | 23.2% | 42.5% | 50.8% | 55.4% | 60.4% | 62.3% | 63.1% | 65.0% | 65.6% | 66.4% | 66.9% | 67.8% | 68.1% | 68.7% | 69.1% | 69.3% | 69.7% | 69.9% | | | | |
| 2018Q4 | 14.3% | 41.1% | 49.7% | 53.6% | 57.1% | 58.9% | 60.6% | 62.7% | 63.6% | 64.3% | 64.7% | 66.1% | 66.7% | 66.9% | 67.3% | 67.8% | 68.2% | | | | | |
| 2019Q1 | 19.1% | 41.1% | 48.9% | 54.4% | 56.2% | 58.8% | 60.7% | 61.8% | 62.9% | 64.7% | 65.5% | 67.0% | 67.3% | 67.5% | 68.0% | 68.1% | | | | | | |
| 2019Q2 | 19.1% | 38.4% | 48.0% | 51.6% | 54.9% | 57.3% | 58.7% | 60.1% | 61.3% | 61.8% | 62.2% | 63.0% | 63.5% | 63.8% | 64.0% | | | | | | | |
| 2019Q3 | 17.5% | 34.0% | 37.7% | 45.4% | 51.5% | 54.0% | 57.2% | 60.1% | 62.2% | 63.5% | 63.9% | 64.4% | 64.8% | 65.1% | | | | | | | | |
| 2019Q4 | 16.8% | 30.6% | 43.7% | 51.5% | 56.6% | 60.8% | 64.3% | 65.8% | 66.1% | 67.0% | 67.6% | 67.7% | 67.5% | | | | | | | | | |
| 2020Q1 | 6.6% | 25.7% | 36.8% | 44.7% | 54.9% | 59.1% | 63.3% | 64.3% | 66.1% | 67.5% | 69.0% | 69.7% | | | | | | | | | | |
| 2020Q2 | 21.7% | 39.6% | 51.5% | 66.9% | 67.1% | 69.4% | 71.1% | 71.6% | 72.2% | 72.3% | 72.3% | | | | | | | | | | | |
| 2020Q3 | 8.1% | 23.2% | 42.5% | 49.8% | 53.9% | 55.6% | 57.0% | 57.4% | 57.9% | 58.8% | | | | | | | | | | | | |

**RECOVERIES
FROM
DEFAULTS
- TOTAL
Quarter of
Default**

Cumulative Recovery Ratio (after Quarters of Default)

| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2020Q4 | 7.5% | 34.9% | 52.2% | 62.7% | 63.5% | 65.2% | 66.3% | 67.7% | 68.3% | | | | | | | | | | | | | |
| 2021Q1 | 24.6% | 38.9% | 53.9% | 55.2% | 63.1% | 63.9% | 63.6% | 63.6% | | | | | | | | | | | | | | |
| 2021Q2 | 38.1% | 57.2% | 59.8% | 63.0% | 65.3% | 68.5% | 69.3% | | | | | | | | | | | | | | | |
| 2021Q3 | 26.5% | 39.1% | 50.7% | 57.4% | 61.9% | 64.1% | | | | | | | | | | | | | | | | |
| 2021Q4 | 29.4% | 46.5% | 56.3% | 61.4% | 62.4% | | | | | | | | | | | | | | | | | |
| 2022Q1 | 29.0% | 43.3% | 51.7% | 52.7% | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 21.7% | 44.1% | 47.3% | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | 31.5% | 46.1% | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 19.9% | | | | | | | | | | | | | | | | | | | | | |



(5) Recoveries from Defaults – New

**RECOVERIES
FROM DEFAULTS
- NEW**

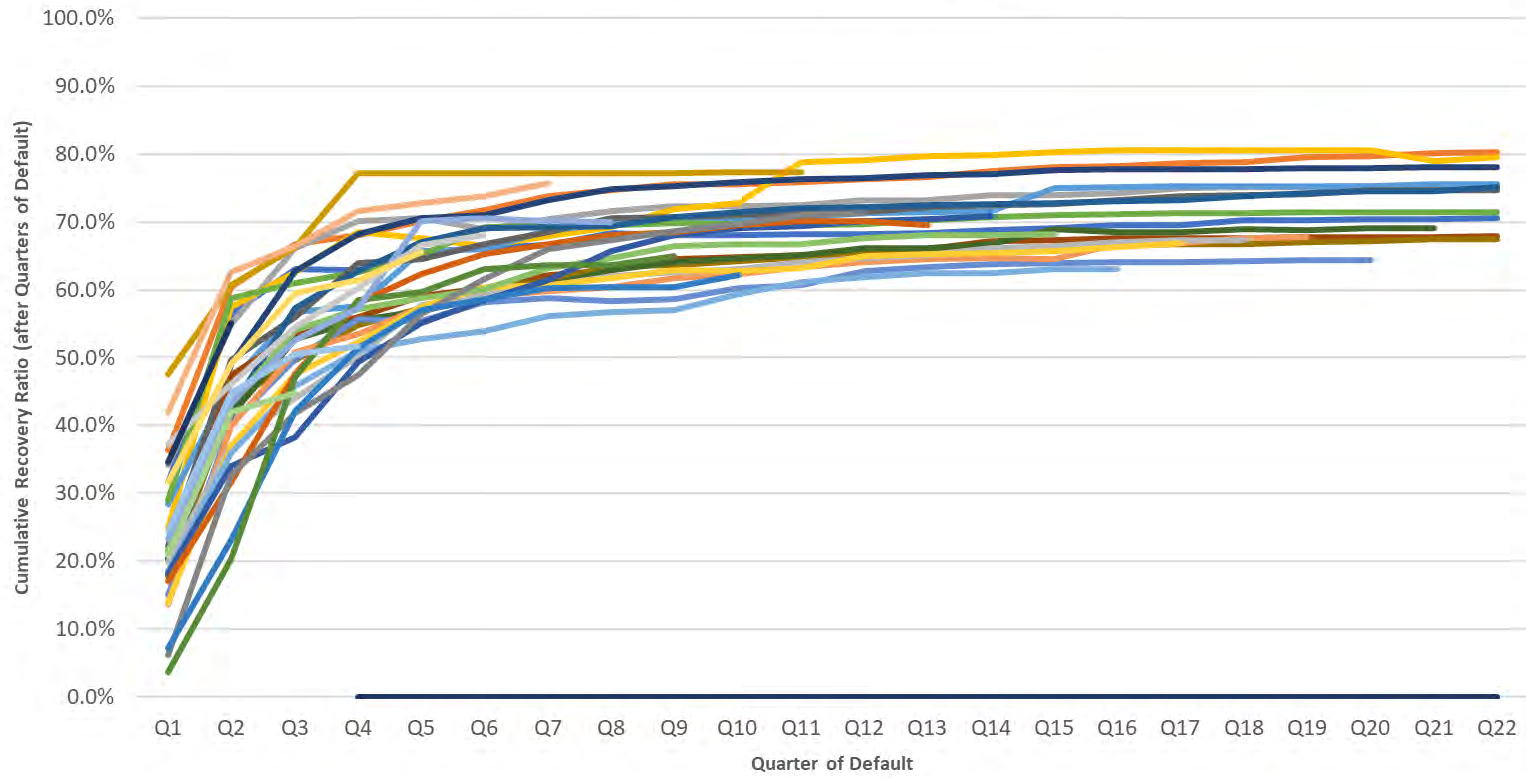
| Quarter of Default | Cumulative Recovery Ratio (after Quarters of Default) | | | | | | | | | | | | | | | | | | | | | |
|--------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 31.7% | 56.4% | 63.0% | 62.9% | 65.3% | 66.2% | 66.6% | 68.4% | 68.1% | 68.0% | 68.2% | 68.2% | 68.3% | 68.8% | 69.1% | 69.5% | 69.5% | 70.2% | 70.3% | 70.4% | 70.4% | 70.5% |
| 2015Q2 | 36.4% | 60.3% | 66.7% | 68.1% | 70.0% | 71.7% | 73.8% | 74.6% | 75.6% | 75.6% | 75.8% | 76.2% | 76.6% | 77.5% | 78.0% | 78.2% | 78.6% | 78.8% | 79.5% | 79.6% | 80.2% | 80.3% |
| 2015Q3 | 34.1% | 54.9% | 66.2% | 70.1% | 70.6% | 68.9% | 70.4% | 71.5% | 72.2% | 72.3% | 72.4% | 73.2% | 73.2% | 73.9% | 73.9% | 74.3% | 75.0% | 75.0% | 75.1% | 75.3% | 75.3% | 75.3% |
| 2015Q4 | 24.9% | 57.5% | 62.6% | 68.4% | 67.6% | 66.4% | 67.8% | 69.2% | 71.8% | 72.8% | 78.8% | 79.0% | 79.6% | 79.8% | 80.3% | 80.5% | 80.5% | 80.5% | 80.6% | 80.6% | 79.0% | 79.6% |
| 2016Q1 | 28.4% | 46.2% | 56.6% | 57.5% | 65.6% | 66.0% | 68.8% | 69.7% | 70.2% | 70.4% | 70.7% | 71.3% | 71.4% | 71.6% | 75.0% | 75.1% | 75.2% | 75.3% | 75.3% | 75.3% | 75.6% | 75.6% |
| 2016Q2 | 29.1% | 58.7% | 60.9% | 62.7% | 65.1% | 69.2% | 69.4% | 69.6% | 69.8% | 69.7% | 69.5% | 69.7% | 70.2% | 70.6% | 71.0% | 71.2% | 71.3% | 71.3% | 71.4% | 71.4% | 71.4% | 71.4% |
| 2016Q3 | 17.8% | 49.0% | 62.7% | 68.2% | 70.6% | 70.9% | 73.2% | 74.8% | 75.2% | 75.8% | 76.2% | 76.5% | 76.8% | 77.1% | 77.6% | 77.7% | 77.8% | 77.8% | 77.9% | 77.9% | 78.0% | 78.0% |
| 2016Q4 | 20.3% | 47.3% | 53.5% | 56.0% | 59.1% | 60.3% | 62.2% | 62.9% | 64.6% | 64.8% | 65.1% | 65.3% | 65.9% | 67.2% | 67.3% | 67.6% | 67.6% | 67.7% | 67.7% | 67.8% | 67.8% | 67.8% |
| 2017Q1 | 22.2% | 49.6% | 56.0% | 64.0% | 64.4% | 66.7% | 68.5% | 70.5% | 70.7% | 71.0% | 71.2% | 71.4% | 72.2% | 72.4% | 72.6% | 73.3% | 73.8% | 73.9% | 74.0% | 74.6% | 74.7% | 74.7% |
| 2017Q2 | 18.0% | 43.4% | 49.7% | 54.8% | 57.3% | 60.3% | 61.2% | 63.4% | 63.6% | 64.2% | 64.7% | 65.6% | 65.7% | 66.0% | 65.8% | 66.6% | 66.7% | 66.8% | 66.9% | 67.2% | 67.4% | 67.5% |
| 2017Q3 | 20.3% | 42.4% | 57.3% | 62.8% | 67.0% | 69.0% | 69.1% | 69.4% | 70.6% | 71.5% | 72.0% | 72.2% | 72.4% | 72.6% | 72.8% | 73.0% | 73.1% | 73.8% | 74.1% | 74.5% | 74.5% | 75.1% |
| 2017Q4 | 21.6% | 41.5% | 52.7% | 55.5% | 56.9% | 58.9% | 60.7% | 62.9% | 64.0% | 64.6% | 65.1% | 66.1% | 66.2% | 66.7% | 68.8% | 68.5% | 68.5% | 68.9% | 68.8% | 69.1% | 69.1% | |
| 2018Q1 | 15.0% | 40.3% | 49.8% | 55.6% | 55.3% | 58.2% | 58.7% | 58.4% | 58.6% | 60.2% | 60.6% | 62.7% | 63.3% | 63.8% | 63.9% | 64.0% | 64.1% | 64.3% | 64.3% | 64.4% | | |
| 2018Q2 | 13.7% | 39.9% | 50.8% | 53.5% | 57.5% | 59.1% | 59.7% | 60.4% | 61.8% | 62.2% | 63.3% | 64.1% | 64.5% | 64.7% | 64.5% | 66.7% | 66.9% | 67.6% | 67.7% | | | |
| 2018Q3 | 19.8% | 37.1% | 44.1% | 50.2% | 57.7% | 59.1% | 60.5% | 61.9% | 62.6% | 63.0% | 64.0% | 64.7% | 65.0% | 66.2% | 66.4% | 66.9% | 67.2% | 67.3% | | | | |
| 2018Q4 | 14.1% | 36.9% | 47.6% | 52.2% | 57.5% | 60.3% | 60.7% | 61.7% | 62.9% | 62.7% | 63.2% | 64.9% | 65.3% | 65.4% | 65.6% | 66.2% | 66.9% | | | | | |
| 2019Q1 | 18.6% | 36.0% | 45.8% | 51.0% | 52.7% | 53.9% | 56.1% | 56.7% | 56.9% | 59.4% | 61.2% | 61.9% | 62.4% | 62.4% | 63.0% | 63.0% | | | | | | |
| 2019Q2 | 21.5% | 43.1% | 54.0% | 57.2% | 58.7% | 60.0% | 63.2% | 64.7% | 66.4% | 66.6% | 66.7% | 67.6% | 68.0% | 68.0% | 68.2% | | | | | | | |
| 2019Q3 | 18.2% | 34.0% | 38.2% | 49.3% | 55.0% | 58.5% | 61.3% | 65.6% | 68.1% | 69.1% | 69.4% | 70.1% | 70.4% | 70.9% | | | | | | | | |
| 2019Q4 | 17.1% | 31.7% | 47.5% | 58.0% | 62.2% | 65.2% | 66.8% | 68.0% | 68.5% | 69.6% | 70.1% | 70.0% | 69.4% | | | | | | | | | |
| 2020Q1 | 6.3% | 32.6% | 41.8% | 47.4% | 56.4% | 61.6% | 66.0% | 67.3% | 68.6% | 69.6% | 70.9% | 71.3% | | | | | | | | | | |
| 2020Q2 | 47.5% | 60.7% | 66.2% | 77.1% | 77.1% | 77.2% | 77.2% | 77.2% | 77.2% | 77.3% | 77.3% | | | | | | | | | | | |
| 2020Q3 | 7.2% | 23.1% | 42.1% | 51.4% | 57.0% | 58.6% | 60.3% | 60.4% | 60.3% | 62.1% | | | | | | | | | | | | |
| 2020Q4 | 3.7% | 20.4% | 47.1% | 58.5% | 59.7% | 63.1% | 63.6% | 63.5% | 64.9% | | | | | | | | | | | | | |

**RECOVERIES
FROM DEFAULTS
- NEW**

Cumulative Recovery Ratio (after Quarters of Default)

| Quarter of Default | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| 2021Q1 | 23.3% | 43.5% | 52.6% | 57.3% | 70.0% | 70.5% | 70.0% | 70.0% | | | | | | | | | | | | | | | |
| 2021Q2 | 41.9% | 62.5% | 66.3% | 71.6% | 72.8% | 73.8% | 75.6% | | | | | | | | | | | | | | | | |
| 2021Q3 | 37.3% | 46.0% | 54.4% | 60.2% | 66.6% | 68.0% | | | | | | | | | | | | | | | | | |
| 2021Q4 | 31.7% | 49.0% | 59.5% | 61.4% | 65.5% | | | | | | | | | | | | | | | | | | |
| 2022Q1 | 24.5% | 44.8% | 50.5% | 51.6% | | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 20.8% | 42.0% | 44.7% | | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | 34.6% | 55.1% | | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 25.5% | | | | | | | | | | | | | | | | | | | | | | |

Cumulative Recoveries from Defaults - New



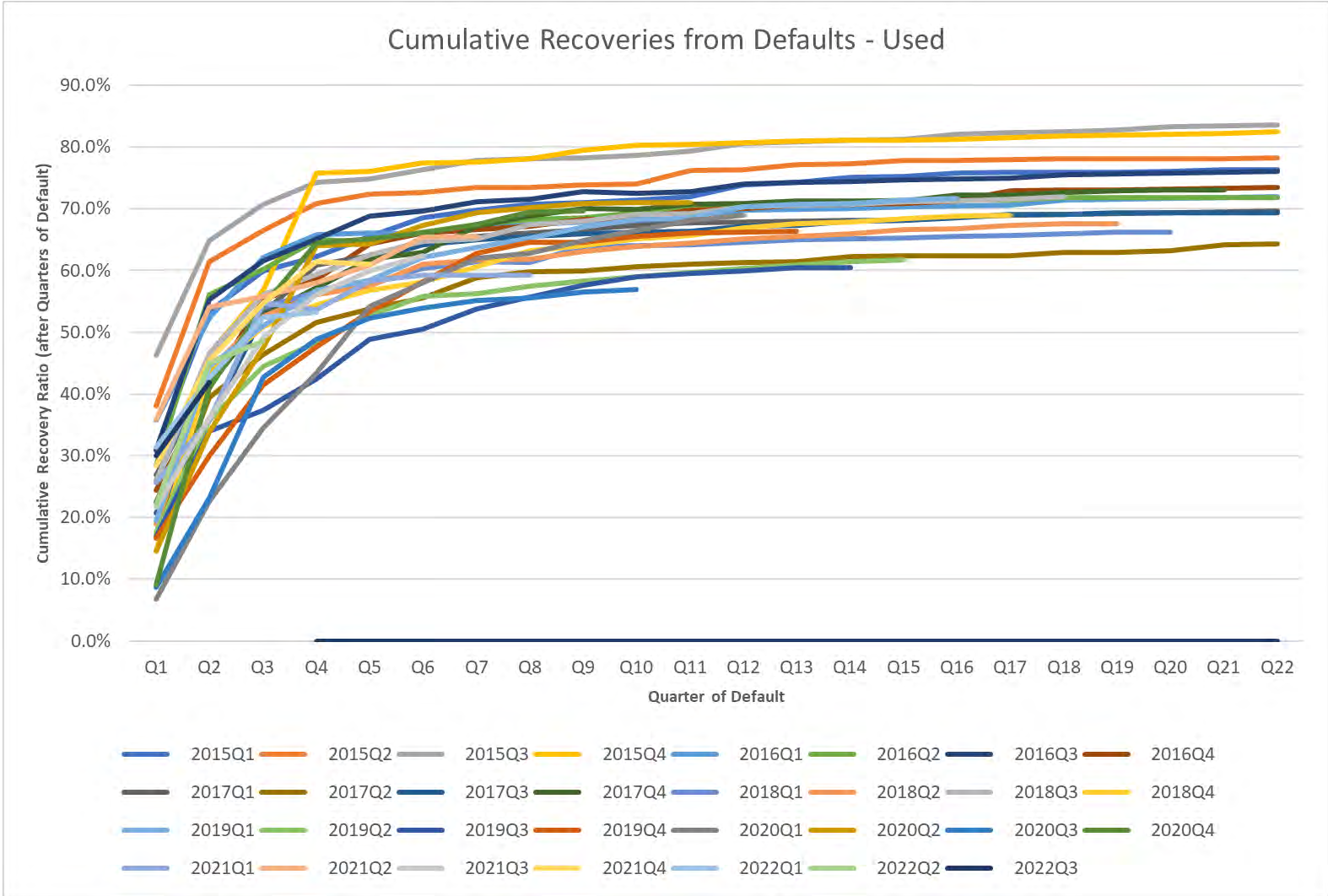
- 2015Q1 2015Q2 2015Q3 2015Q4 2016Q1 2016Q2 2016Q3 2016Q4
- 2017Q1 2017Q2 2017Q3 2017Q4 2018Q1 2018Q2 2018Q3 2018Q4
- 2019Q1 2019Q2 2019Q3 2019Q4 2020Q1 2020Q2 2020Q3 2020Q4
- 2021Q1 2021Q2 2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

(6) Recoveries from Defaults – Used

| RECOVERIES FROM DEFAULTS – USED | Cumulative Recovery Ratio (after Quarters of Default) | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Quarter of Default | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 30.9% | 53.4% | 59.9% | 62.3% | 65.5% | 68.5% | 69.8% | 70.7% | 71.0% | 71.4% | 71.9% | 73.8% | 74.3% | 75.0% | 75.2% | 75.8% | 75.9% | 75.9% | 76.0% | 76.0% | 76.3% | 76.3% | |
| 2015Q2 | 38.1% | 61.4% | 66.5% | 70.9% | 72.4% | 72.7% | 73.4% | 73.5% | 73.9% | 74.0% | 76.2% | 76.3% | 77.2% | 77.3% | 77.8% | 77.8% | 78.0% | 78.1% | 78.1% | 78.1% | 78.1% | 78.1% | 78.2% |
| 2015Q3 | 46.3% | 64.9% | 70.8% | 74.2% | 74.8% | 76.3% | 77.8% | 78.1% | 78.3% | 78.6% | 79.3% | 80.6% | 80.8% | 81.1% | 81.3% | 82.1% | 82.3% | 82.5% | 82.7% | 83.3% | 83.4% | 83.5% | |
| 2015Q4 | 26.1% | 46.6% | 56.7% | 75.7% | 76.1% | 77.4% | 77.6% | 78.1% | 79.5% | 80.3% | 80.4% | 80.7% | 81.0% | 81.0% | 81.1% | 81.3% | 81.5% | 81.7% | 81.9% | 82.0% | 82.1% | 82.4% | |
| 2016Q1 | 35.7% | 52.3% | 62.2% | 65.8% | 66.1% | 65.9% | 67.2% | 67.5% | 67.9% | 68.0% | 68.6% | 69.7% | 69.9% | 70.1% | 70.3% | 70.5% | 70.6% | 71.4% | 71.5% | 71.6% | 71.8% | 71.9% | |
| 2016Q2 | 28.5% | 56.1% | 60.2% | 65.0% | 64.8% | 66.2% | 67.5% | 68.3% | 68.6% | 69.4% | 70.0% | 70.5% | 70.9% | 71.2% | 71.4% | 71.4% | 71.5% | 71.7% | 71.8% | 71.8% | 71.8% | 71.9% | |
| 2016Q3 | 31.0% | 55.3% | 61.6% | 65.2% | 68.7% | 69.6% | 71.2% | 71.6% | 72.8% | 72.5% | 72.8% | 74.0% | 74.2% | 74.4% | 74.7% | 74.8% | 74.9% | 75.5% | 75.7% | 75.8% | 75.9% | 76.1% | |
| 2016Q4 | 24.4% | 41.2% | 55.2% | 58.5% | 64.3% | 66.1% | 66.6% | 67.2% | 68.2% | 68.5% | 69.7% | 70.1% | 70.6% | 70.8% | 70.9% | 71.2% | 72.9% | 73.0% | 73.1% | 73.1% | 73.3% | 73.4% | |
| 2017Q1 | 26.9% | 42.5% | 53.1% | 60.9% | 62.4% | 64.7% | 65.6% | 66.0% | 66.6% | 67.3% | 67.6% | 67.8% | 68.0% | 68.1% | 68.2% | 68.7% | 69.0% | 69.1% | 69.2% | 69.4% | 69.5% | 69.6% | |
| 2017Q2 | 17.0% | 39.4% | 46.4% | 51.6% | 53.7% | 55.6% | 58.8% | 59.8% | 59.9% | 60.6% | 61.0% | 61.3% | 61.5% | 62.2% | 62.3% | 62.4% | 62.4% | 62.9% | 63.0% | 63.3% | 64.2% | 64.3% | |
| 2017Q3 | 20.7% | 35.9% | 52.9% | 57.2% | 61.7% | 64.1% | 65.0% | 65.5% | 65.9% | 66.2% | 66.4% | 67.2% | 67.3% | 68.0% | 68.1% | 68.5% | 69.0% | 69.1% | 69.3% | 69.3% | 69.4% | 69.4% | |
| 2017Q4 | 22.4% | 41.4% | 52.7% | 57.2% | 61.8% | 63.0% | 67.2% | 68.7% | 70.0% | 69.9% | 70.7% | 70.9% | 71.2% | 71.2% | 71.3% | 72.2% | 72.2% | 72.6% | 72.8% | 73.0% | 73.1% | | |
| 2018Q1 | 25.8% | 46.1% | 54.0% | 56.5% | 57.9% | 60.4% | 61.4% | 61.3% | 63.9% | 64.1% | 64.2% | 64.6% | 64.9% | 65.1% | 65.3% | 65.6% | 65.7% | 65.9% | 66.2% | 66.2% | | | |
| 2018Q2 | 19.0% | 44.0% | 52.5% | 56.0% | 57.4% | 61.0% | 61.7% | 61.8% | 63.0% | 63.8% | 64.5% | 65.1% | 65.5% | 65.9% | 66.6% | 66.7% | 67.3% | 67.5% | 67.6% | | | | |
| 2018Q3 | 25.9% | 46.7% | 56.1% | 59.4% | 62.6% | 64.7% | 65.1% | 67.5% | 68.0% | 69.0% | 69.2% | 70.2% | 70.6% | 70.7% | 71.1% | 71.2% | 71.6% | 71.9% | | | | | |
| 2018Q4 | 14.5% | 43.6% | 50.9% | 54.5% | 56.8% | 58.1% | 60.6% | 63.3% | 64.1% | 65.2% | 65.6% | 66.9% | 67.6% | 67.9% | 68.4% | 68.8% | 69.0% | | | | | | |
| 2019Q1 | 19.5% | 44.5% | 51.0% | 56.7% | 58.5% | 62.2% | 63.7% | 65.2% | 67.0% | 68.2% | 68.5% | 70.4% | 70.7% | 70.9% | 71.4% | 71.6% | | | | | | | |
| 2019Q2 | 17.7% | 35.7% | 44.5% | 48.3% | 52.6% | 55.8% | 56.2% | 57.5% | 58.3% | 59.0% | 59.6% | 60.4% | 60.9% | 61.4% | 61.6% | | | | | | | | |
| 2019Q3 | 16.9% | 34.0% | 37.3% | 42.4% | 48.8% | 50.4% | 53.8% | 55.7% | 57.6% | 59.0% | 59.5% | 59.9% | 60.4% | 60.5% | | | | | | | | | |
| 2019Q4 | 16.6% | 30.0% | 41.4% | 47.6% | 53.3% | 58.1% | 62.8% | 64.5% | 64.6% | 65.5% | 66.1% | 66.3% | 66.4% | | | | | | | | | | |
| 2020Q1 | 6.8% | 22.6% | 34.5% | 43.4% | 54.2% | 58.0% | 62.0% | 62.9% | 64.9% | 66.5% | 68.2% | 68.9% | | | | | | | | | | | |
| 2020Q2 | 14.6% | 33.8% | 47.5% | 64.1% | 64.3% | 67.3% | 69.4% | 70.1% | 70.8% | 70.9% | 71.0% | | | | | | | | | | | | |
| 2020Q3 | 8.6% | 23.2% | 42.7% | 48.9% | 52.2% | 53.9% | 55.2% | 55.6% | 56.6% | 56.9% | | | | | | | | | | | | | |
| 2020Q4 | 9.1% | 40.9% | 54.3% | 64.4% | 65.1% | 66.1% | 67.4% | 69.4% | 69.6% | | | | | | | | | | | | | | |

**RECOVERIES
FROM
DEFAULTS – USED**

| Quarter of Default | Cumulative Recovery Ratio (after Quarters of Default) | | | | | | | | | | | | | | | | | | | | | | |
|--------------------|---|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | |
| 2021Q1 | 25.6% | 35.8% | 54.8% | 53.7% | 58.3% | 59.3% | 59.2% | 59.2% | | | | | | | | | | | | | | | |
| 2021Q2 | 35.8% | 54.0% | 55.9% | 58.0% | 60.9% | 65.4% | 65.6% | | | | | | | | | | | | | | | | |
| 2021Q3 | 21.7% | 36.1% | 49.1% | 56.2% | 59.9% | 62.4% | | | | | | | | | | | | | | | | | |
| 2021Q4 | 28.4% | 45.4% | 54.8% | 61.4% | 61.0% | | | | | | | | | | | | | | | | | | |
| 2022Q1 | 31.4% | 42.5% | 52.4% | 53.2% | | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 22.1% | 45.0% | 48.6% | | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | 30.0% | 41.9% | | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 18.1% | | | | | | | | | | | | | | | | | | | | | | |



(7) Net Losses from Defaults – Total

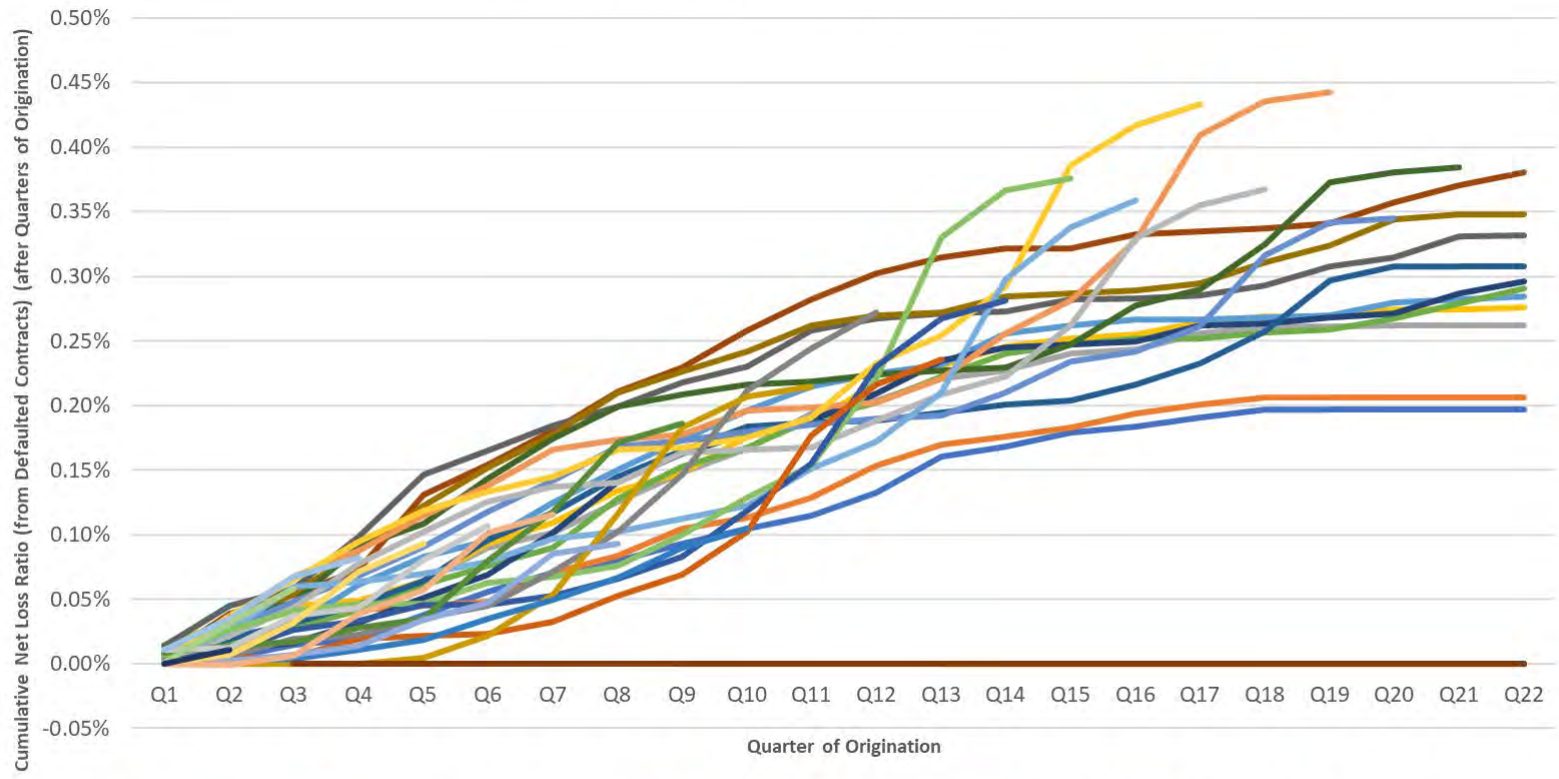
| NET LOSSES FROM DEFAULTS - TOTAL Quarter of Origination | Cumulative Net Loss Ratio (from Defaulted Contracts) (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 0.00% | 0.00% | 0.01% | 0.02% | 0.04% | 0.06% | 0.07% | 0.08% | 0.09% | 0.10% | 0.11% | 0.13% | 0.16% | 0.17% | 0.18% | 0.18% | 0.19% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% |
| 2015Q2 | 0.00% | 0.01% | 0.03% | 0.04% | 0.04% | 0.05% | 0.07% | 0.08% | 0.10% | 0.11% | 0.13% | 0.15% | 0.17% | 0.18% | 0.18% | 0.19% | 0.20% | 0.21% | 0.21% | 0.21% | 0.21% | 0.21% |
| 2015Q3 | 0.01% | 0.02% | 0.03% | 0.05% | 0.06% | 0.09% | 0.10% | 0.13% | 0.15% | 0.17% | 0.19% | 0.20% | 0.22% | 0.23% | 0.24% | 0.24% | 0.26% | 0.26% | 0.26% | 0.26% | 0.26% | 0.26% |
| 2015Q4 | 0.01% | 0.03% | 0.04% | 0.05% | 0.06% | 0.09% | 0.11% | 0.13% | 0.15% | 0.18% | 0.19% | 0.22% | 0.23% | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% | 0.27% | 0.27% | 0.27% | 0.28% |
| 2016Q1 | 0.00% | 0.02% | 0.03% | 0.06% | 0.08% | 0.10% | 0.12% | 0.15% | 0.17% | 0.20% | 0.21% | 0.22% | 0.23% | 0.26% | 0.26% | 0.27% | 0.27% | 0.27% | 0.27% | 0.28% | 0.28% | 0.28% |
| 2016Q2 | 0.00% | 0.02% | 0.03% | 0.04% | 0.06% | 0.08% | 0.09% | 0.13% | 0.15% | 0.17% | 0.19% | 0.20% | 0.22% | 0.24% | 0.25% | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% | 0.28% | 0.29% |
| 2016Q3 | 0.00% | 0.01% | 0.02% | 0.03% | 0.05% | 0.07% | 0.10% | 0.14% | 0.16% | 0.18% | 0.19% | 0.21% | 0.24% | 0.24% | 0.25% | 0.25% | 0.26% | 0.26% | 0.27% | 0.27% | 0.29% | 0.30% |
| 2016Q4 | 0.01% | 0.04% | 0.05% | 0.07% | 0.13% | 0.15% | 0.18% | 0.21% | 0.23% | 0.26% | 0.28% | 0.30% | 0.31% | 0.32% | 0.32% | 0.33% | 0.33% | 0.34% | 0.34% | 0.36% | 0.37% | 0.38% |
| 2017Q1 | 0.01% | 0.04% | 0.06% | 0.10% | 0.15% | 0.17% | 0.18% | 0.20% | 0.22% | 0.23% | 0.26% | 0.27% | 0.27% | 0.27% | 0.28% | 0.28% | 0.28% | 0.29% | 0.31% | 0.31% | 0.33% | 0.33% |
| 2017Q2 | 0.01% | 0.03% | 0.05% | 0.09% | 0.12% | 0.15% | 0.18% | 0.21% | 0.23% | 0.24% | 0.26% | 0.27% | 0.27% | 0.28% | 0.29% | 0.29% | 0.29% | 0.31% | 0.32% | 0.34% | 0.35% | 0.35% |
| 2017Q3 | 0.01% | 0.02% | 0.03% | 0.05% | 0.06% | 0.10% | 0.12% | 0.14% | 0.16% | 0.18% | 0.19% | 0.19% | 0.19% | 0.20% | 0.20% | 0.22% | 0.23% | 0.26% | 0.30% | 0.31% | 0.31% | 0.31% |
| 2017Q4 | 0.01% | 0.04% | 0.05% | 0.09% | 0.11% | 0.14% | 0.17% | 0.20% | 0.21% | 0.22% | 0.22% | 0.22% | 0.23% | 0.23% | 0.25% | 0.28% | 0.29% | 0.32% | 0.37% | 0.38% | 0.38% | |
| 2018Q1 | 0.01% | 0.03% | 0.05% | 0.07% | 0.09% | 0.12% | 0.14% | 0.17% | 0.17% | 0.18% | 0.19% | 0.19% | 0.19% | 0.21% | 0.23% | 0.24% | 0.26% | 0.32% | 0.34% | 0.34% | | |
| 2018Q2 | 0.00% | 0.04% | 0.07% | 0.09% | 0.11% | 0.14% | 0.17% | 0.17% | 0.18% | 0.20% | 0.20% | 0.20% | 0.22% | 0.26% | 0.28% | 0.33% | 0.41% | 0.44% | 0.44% | | | |
| 2018Q3 | 0.00% | 0.02% | 0.04% | 0.08% | 0.10% | 0.13% | 0.14% | 0.14% | 0.16% | 0.17% | 0.17% | 0.19% | 0.21% | 0.22% | 0.26% | 0.33% | 0.35% | 0.37% | | | | |
| 2018Q4 | 0.00% | 0.04% | 0.07% | 0.09% | 0.12% | 0.13% | 0.14% | 0.17% | 0.17% | 0.18% | 0.19% | 0.23% | 0.25% | 0.29% | 0.39% | 0.42% | 0.43% | | | | | |
| 2019Q1 | 0.00% | 0.03% | 0.06% | 0.06% | 0.07% | 0.08% | 0.10% | 0.10% | 0.11% | 0.12% | 0.15% | 0.17% | 0.21% | 0.30% | 0.34% | 0.36% | | | | | | |
| 2019Q2 | 0.01% | 0.03% | 0.04% | 0.05% | 0.05% | 0.06% | 0.07% | 0.08% | 0.10% | 0.13% | 0.15% | 0.22% | 0.33% | 0.37% | 0.38% | | | | | | | |
| 2019Q3 | 0.00% | 0.01% | 0.03% | 0.03% | 0.05% | 0.05% | 0.05% | 0.07% | 0.08% | 0.12% | 0.16% | 0.23% | 0.27% | 0.28% | | | | | | | | |
| 2019Q4 | 0.00% | 0.00% | 0.01% | 0.02% | 0.02% | 0.02% | 0.03% | 0.05% | 0.07% | 0.10% | 0.18% | 0.22% | 0.24% | | | | | | | | | |
| 2020Q1 | 0.00% | 0.01% | 0.02% | 0.02% | 0.04% | 0.04% | 0.07% | 0.10% | 0.15% | 0.21% | 0.24% | 0.27% | | | | | | | | | | |
| 2020Q2 | | 0.00% | 0.00% | 0.00% | 0.00% | 0.02% | 0.05% | 0.12% | 0.18% | 0.21% | 0.21% | | | | | | | | | | | |
| 2020Q3 | | 0.00% | 0.00% | 0.01% | 0.02% | 0.04% | 0.05% | 0.07% | 0.09% | 0.10% | | | | | | | | | | | | |
| 2020Q4 | 0.01% | 0.01% | 0.02% | 0.03% | 0.04% | 0.08% | 0.12% | 0.17% | 0.19% | | | | | | | | | | | | | |

**NET LOSSES
FROM DEFAULTS
- TOTAL
Quarter of
Origination**

Cumulative Net Loss Ratio (from Defaulted Contracts) (after Quarters of Origination)

| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2021Q1 | 0.00% | 0.00% | 0.01% | 0.01% | 0.03% | 0.05% | 0.09% | 0.09% | | | | | | | | | | | | | | |
| 2021Q2 | | 0.00% | 0.01% | 0.04% | 0.06% | 0.10% | 0.12% | | | | | | | | | | | | | | | |
| 2021Q3 | 0.01% | 0.01% | 0.04% | 0.04% | 0.08% | 0.11% | | | | | | | | | | | | | | | | |
| 2021Q4 | 0.00% | 0.01% | 0.03% | 0.07% | 0.09% | | | | | | | | | | | | | | | | | |
| 2022Q1 | 0.01% | 0.03% | 0.07% | 0.08% | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 0.00% | 0.03% | 0.06% | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | | 0.01% | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 0.01% | | | | | | | | | | | | | | | | | | | | | |

Net Losses from Defaults - Total



- 2015Q1 2015Q2 2015Q3 2015Q4 2016Q1 2016Q2 2016Q3 2016Q4
- 2017Q1 2017Q2 2017Q3 2017Q4 2018Q1 2018Q2 2018Q3 2018Q4
- 2019Q1 2019Q2 2019Q3 2019Q4 2020Q1 2020Q2 2020Q3 2020Q4
- 2021Q1 2021Q2 2021Q3 2021Q4 2022Q1 2022Q2 2022Q3 2022Q4

(8) Net Losses from Defaults – New

**NET LOSSES
FROM DEFAULTS
- NEW
Quarter of
Origination**

Cumulative Net Loss Ratio (from Defaulted Contracts) (after Quarters of Origination)

| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2015Q1 | | 0.00% | 0.01% | 0.01% | 0.03% | 0.04% | 0.06% | 0.07% | 0.08% | 0.09% | 0.09% | 0.12% | 0.15% | 0.15% | 0.16% | 0.16% | 0.17% | 0.17% | 0.17% | 0.17% | 0.17% | 0.17% |
| 2015Q2 | 0.00% | 0.01% | 0.01% | 0.02% | 0.02% | 0.02% | 0.04% | 0.05% | 0.06% | 0.07% | 0.08% | 0.11% | 0.12% | 0.13% | 0.13% | 0.14% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% |
| 2015Q3 | 0.02% | 0.03% | 0.03% | 0.05% | 0.06% | 0.08% | 0.09% | 0.11% | 0.12% | 0.14% | 0.15% | 0.15% | 0.17% | 0.17% | 0.18% | 0.19% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% |
| 2015Q4 | | 0.01% | 0.02% | 0.02% | 0.03% | 0.06% | 0.07% | 0.08% | 0.10% | 0.11% | 0.11% | 0.14% | 0.15% | 0.17% | 0.17% | 0.17% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% |
| 2016Q1 | | 0.01% | 0.01% | 0.06% | 0.07% | 0.07% | 0.11% | 0.13% | 0.15% | 0.17% | 0.18% | 0.19% | 0.20% | 0.22% | 0.22% | 0.23% | 0.23% | 0.23% | 0.23% | 0.23% | 0.24% | 0.24% |
| 2016Q2 | 0.00% | 0.01% | 0.01% | 0.02% | 0.04% | 0.05% | 0.06% | 0.09% | 0.10% | 0.12% | 0.13% | 0.14% | 0.16% | 0.17% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | 0.19% | 0.20% | 0.21% |
| 2016Q3 | | 0.00% | 0.01% | 0.01% | 0.03% | 0.04% | 0.06% | 0.09% | 0.10% | 0.12% | 0.12% | 0.14% | 0.16% | 0.17% | 0.17% | 0.17% | 0.19% | 0.19% | 0.19% | 0.20% | 0.21% | 0.22% |
| 2016Q4 | | 0.01% | 0.02% | 0.04% | 0.06% | 0.08% | 0.10% | 0.13% | 0.15% | 0.17% | 0.19% | 0.21% | 0.22% | 0.22% | 0.22% | 0.23% | 0.23% | 0.23% | 0.23% | 0.25% | 0.25% | 0.26% |
| 2017Q1 | | 0.01% | 0.02% | 0.03% | 0.06% | 0.07% | 0.08% | 0.09% | 0.10% | 0.10% | 0.13% | 0.14% | 0.14% | 0.14% | 0.15% | 0.15% | 0.15% | 0.16% | 0.17% | 0.17% | 0.19% | 0.19% |
| 2017Q2 | | 0.02% | 0.02% | 0.04% | 0.05% | 0.06% | 0.08% | 0.11% | 0.12% | 0.12% | 0.13% | 0.14% | 0.14% | 0.16% | 0.16% | 0.16% | 0.17% | 0.17% | 0.17% | 0.19% | 0.19% | 0.19% |
| 2017Q3 | | 0.01% | 0.01% | 0.03% | 0.04% | 0.07% | 0.08% | 0.10% | 0.11% | 0.13% | 0.13% | 0.13% | 0.14% | 0.14% | 0.14% | 0.15% | 0.17% | 0.19% | 0.22% | 0.22% | 0.22% | 0.22% |
| 2017Q4 | 0.00% | 0.03% | 0.04% | 0.07% | 0.09% | 0.14% | 0.16% | 0.18% | 0.19% | 0.19% | 0.20% | 0.20% | 0.20% | 0.20% | 0.21% | 0.23% | 0.24% | 0.27% | 0.28% | 0.29% | 0.29% | |
| 2018Q1 | 0.00% | 0.02% | 0.04% | 0.05% | 0.06% | 0.08% | 0.10% | 0.13% | 0.13% | 0.14% | 0.14% | 0.14% | 0.14% | 0.16% | 0.17% | 0.18% | 0.20% | 0.26% | 0.29% | 0.29% | | |
| 2018Q2 | 0.00% | 0.01% | 0.04% | 0.05% | 0.07% | 0.09% | 0.11% | 0.11% | 0.11% | 0.13% | 0.13% | 0.14% | 0.15% | 0.18% | 0.18% | 0.22% | 0.26% | 0.28% | 0.28% | | | |
| 2018Q3 | 0.00% | 0.02% | 0.03% | 0.04% | 0.05% | 0.06% | 0.06% | 0.06% | 0.07% | 0.07% | 0.07% | 0.08% | 0.09% | 0.10% | 0.12% | 0.16% | 0.17% | 0.17% | | | | |
| 2018Q4 | 0.00% | 0.01% | 0.02% | 0.03% | 0.04% | 0.05% | 0.06% | 0.07% | 0.07% | 0.08% | 0.08% | 0.11% | 0.14% | 0.17% | 0.23% | 0.25% | 0.25% | | | | | |
| 2019Q1 | | 0.01% | 0.03% | 0.03% | 0.03% | 0.03% | 0.04% | 0.04% | 0.05% | 0.05% | 0.06% | 0.08% | 0.10% | 0.14% | 0.15% | 0.16% | | | | | | |
| 2019Q2 | | 0.00% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.03% | 0.04% | 0.05% | 0.08% | 0.12% | 0.19% | 0.21% | 0.21% | | | | | | | |
| 2019Q3 | | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.06% | 0.09% | 0.15% | 0.16% | 0.17% | | | | | | | | |
| 2019Q4 | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.05% | 0.11% | 0.14% | 0.15% | | | | | | | | | |
| 2020Q1 | | | 0.00% | 0.00% | 0.02% | 0.02% | 0.02% | 0.08% | 0.10% | 0.14% | 0.14% | 0.15% | | | | | | | | | | |
| 2020Q2 | | | | | | 0.02% | 0.05% | 0.11% | 0.18% | 0.19% | 0.19% | | | | | | | | | | | |
| 2020Q3 | | 0.00% | 0.00% | 0.00% | 0.01% | 0.02% | 0.03% | 0.04% | 0.04% | 0.05% | | | | | | | | | | | | |
| 2020Q4 | | | | 0.00% | 0.01% | 0.06% | 0.07% | 0.07% | 0.07% | | | | | | | | | | | | | |

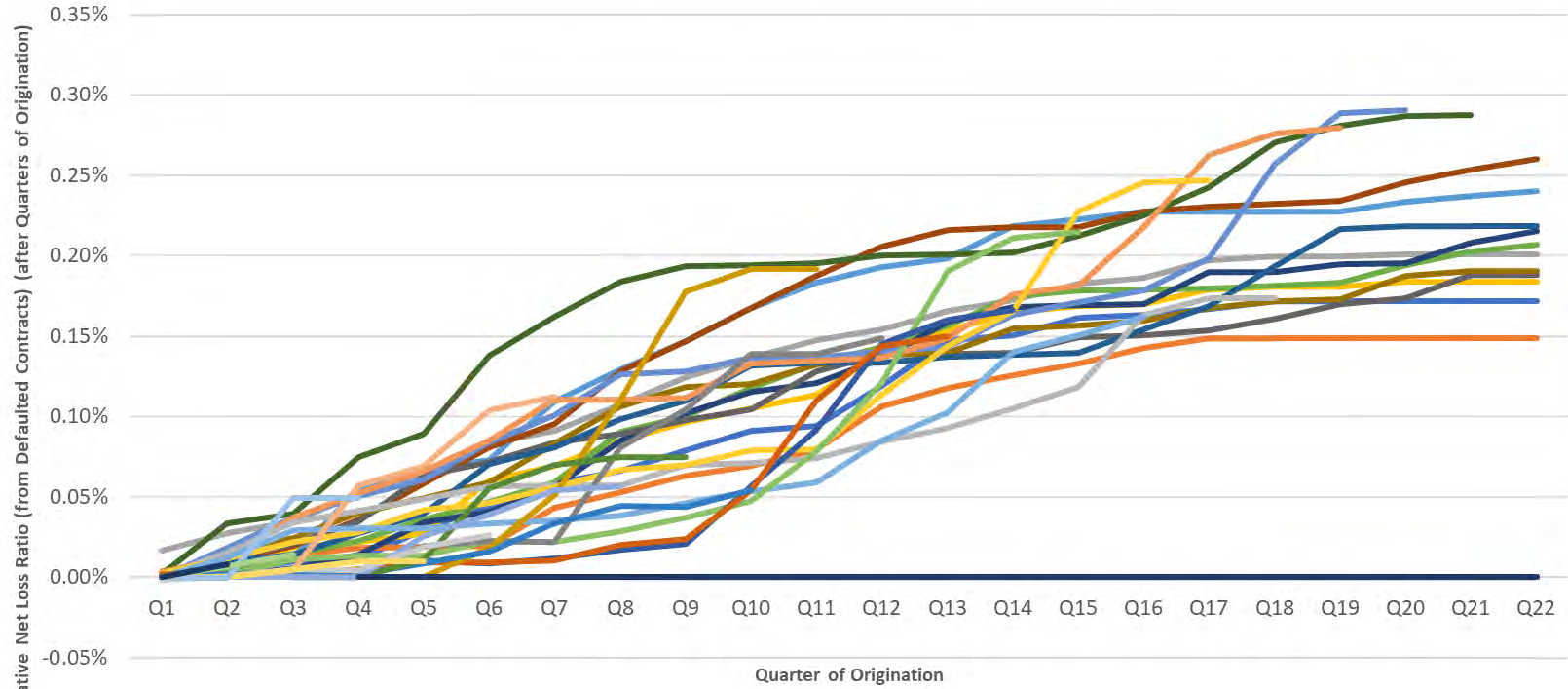
**NET LOSSES
FROM DEFAULTS**

- NEW
Quarter of
Origination

Cumulative Net Loss Ratio (from Defaulted Contracts) (after Quarters of Origination)

| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| 2021Q1 | | | | 0.00% | 0.03% | 0.04% | 0.05% | 0.06% | | | | | | | | | | | | | | | |
| 2021Q2 | | 0.00% | 0.00% | 0.06% | 0.07% | 0.10% | 0.11% | | | | | | | | | | | | | | | | |
| 2021Q3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.02% | 0.03% | | | | | | | | | | | | | | | | | |
| 2021Q4 | | | 0.00% | 0.01% | 0.01% | | | | | | | | | | | | | | | | | | |
| 2022Q1 | | 0.00% | 0.05% | 0.05% | | | | | | | | | | | | | | | | | | | |
| 2022Q2 | | 0.01% | 0.01% | | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | | 0.01% | | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | | | | | | | | | | | | | | | | | | | | | | | |

Cumulative Net Losses from Defaults - New



- | | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|
| 2015Q1 | 2015Q2 | 2015Q3 | 2015Q4 | 2016Q1 | 2016Q2 | 2016Q3 | 2016Q4 |
| 2017Q1 | 2017Q2 | 2017Q3 | 2017Q4 | 2018Q1 | 2018Q2 | 2018Q3 | 2018Q4 |
| 2019Q1 | 2019Q2 | 2019Q3 | 2019Q4 | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 |
| 2021Q1 | 2021Q2 | 2021Q3 | 2021Q4 | 2022Q1 | 2022Q2 | 2022Q3 | |

(9) Net Losses from Defaults – Used

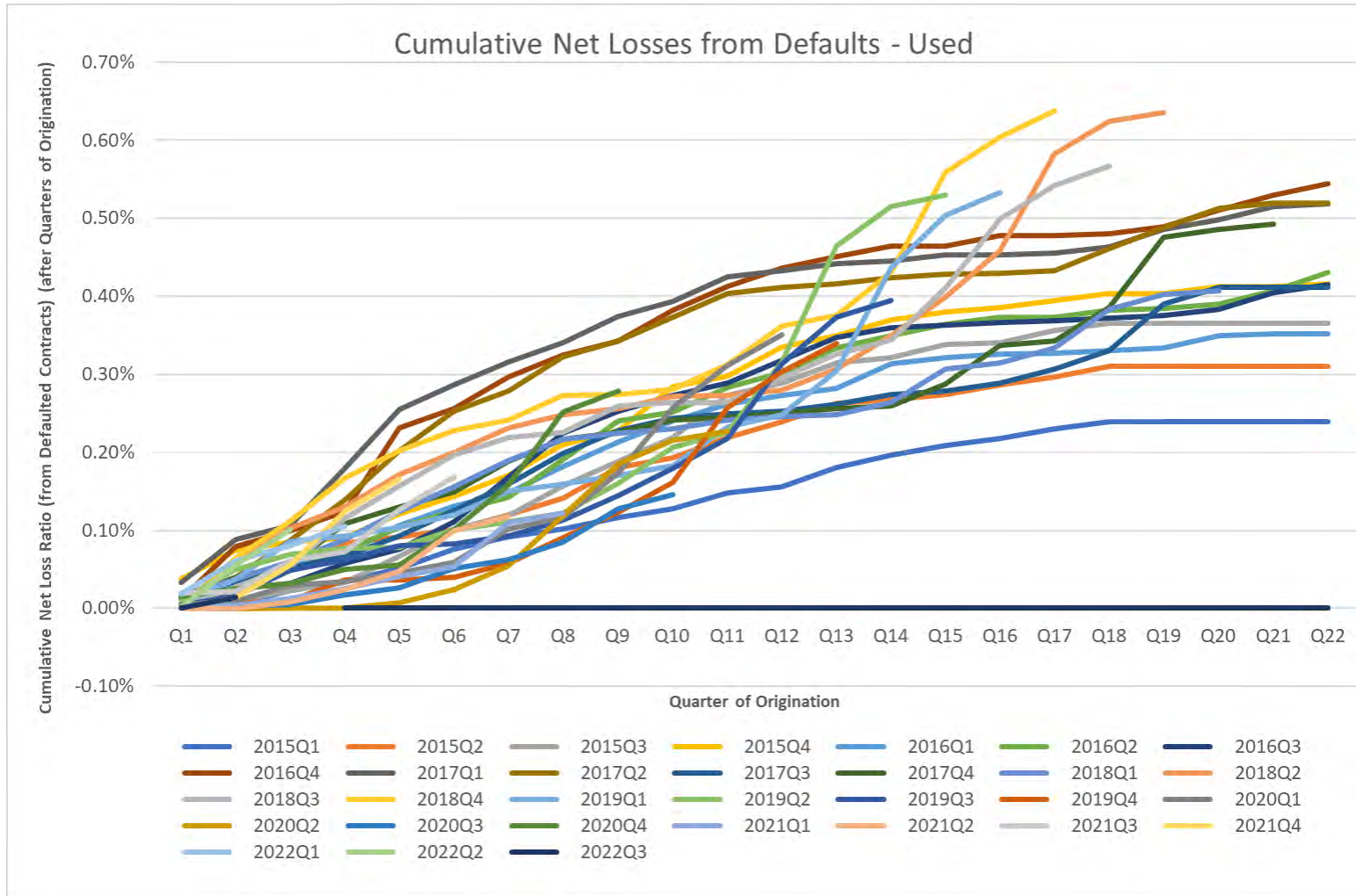
| NET LOSSES FROM DEFAULTS - USED Quarter of Origination | Cumulative Net Loss Ratio (from Defaulted Contracts) (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 |
| 2015Q1 | 0.00% | 0.00% | 0.02% | 0.03% | 0.05% | 0.08% | 0.09% | 0.10% | 0.12% | 0.13% | 0.15% | 0.16% | 0.18% | 0.20% | 0.21% | 0.22% | 0.23% | 0.24% | 0.24% | 0.24% | 0.24% | 0.24% |
| 2015Q2 | | 0.03% | 0.05% | 0.08% | 0.09% | 0.10% | 0.12% | 0.14% | 0.18% | 0.19% | 0.22% | 0.24% | 0.26% | 0.27% | 0.27% | 0.29% | 0.30% | 0.31% | 0.31% | 0.31% | 0.31% | 0.31% |
| 2015Q3 | 0.00% | 0.01% | 0.02% | 0.03% | 0.07% | 0.10% | 0.12% | 0.16% | 0.19% | 0.22% | 0.27% | 0.29% | 0.31% | 0.32% | 0.34% | 0.34% | 0.36% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% |
| 2015Q4 | 0.04% | 0.07% | 0.08% | 0.09% | 0.12% | 0.14% | 0.17% | 0.21% | 0.23% | 0.28% | 0.30% | 0.33% | 0.35% | 0.37% | 0.38% | 0.39% | 0.39% | 0.40% | 0.40% | 0.41% | 0.41% | 0.42% |
| 2016Q1 | 0.00% | 0.04% | 0.05% | 0.07% | 0.11% | 0.13% | 0.15% | 0.18% | 0.21% | 0.24% | 0.26% | 0.27% | 0.28% | 0.31% | 0.32% | 0.33% | 0.33% | 0.33% | 0.33% | 0.35% | 0.35% | 0.35% |
| 2016Q2 | 0.00% | 0.04% | 0.05% | 0.07% | 0.10% | 0.12% | 0.14% | 0.19% | 0.24% | 0.25% | 0.28% | 0.30% | 0.33% | 0.35% | 0.36% | 0.37% | 0.37% | 0.38% | 0.38% | 0.39% | 0.41% | 0.43% |
| 2016Q3 | 0.00% | 0.03% | 0.03% | 0.06% | 0.08% | 0.11% | 0.17% | 0.22% | 0.25% | 0.27% | 0.29% | 0.32% | 0.35% | 0.36% | 0.36% | 0.37% | 0.37% | 0.37% | 0.38% | 0.38% | 0.40% | 0.42% |
| 2016Q4 | 0.01% | 0.08% | 0.10% | 0.12% | 0.23% | 0.26% | 0.30% | 0.32% | 0.34% | 0.38% | 0.41% | 0.44% | 0.45% | 0.46% | 0.46% | 0.48% | 0.48% | 0.48% | 0.49% | 0.51% | 0.53% | 0.54% |
| 2017Q1 | 0.03% | 0.09% | 0.11% | 0.18% | 0.25% | 0.29% | 0.32% | 0.34% | 0.37% | 0.39% | 0.43% | 0.43% | 0.44% | 0.44% | 0.45% | 0.45% | 0.45% | 0.46% | 0.49% | 0.50% | 0.51% | 0.52% |
| 2017Q2 | 0.01% | 0.04% | 0.09% | 0.14% | 0.20% | 0.25% | 0.28% | 0.32% | 0.34% | 0.37% | 0.40% | 0.41% | 0.42% | 0.42% | 0.43% | 0.43% | 0.43% | 0.46% | 0.49% | 0.51% | 0.52% | 0.52% |
| 2017Q3 | 0.02% | 0.03% | 0.05% | 0.07% | 0.09% | 0.13% | 0.16% | 0.20% | 0.23% | 0.24% | 0.25% | 0.25% | 0.26% | 0.27% | 0.28% | 0.29% | 0.31% | 0.33% | 0.39% | 0.41% | 0.41% | 0.41% |
| 2017Q4 | 0.01% | 0.04% | 0.06% | 0.11% | 0.13% | 0.15% | 0.19% | 0.22% | 0.23% | 0.24% | 0.24% | 0.25% | 0.26% | 0.26% | 0.29% | 0.34% | 0.34% | 0.39% | 0.48% | 0.49% | 0.49% | |
| 2018Q1 | 0.02% | 0.04% | 0.06% | 0.09% | 0.12% | 0.16% | 0.19% | 0.22% | 0.22% | 0.23% | 0.24% | 0.25% | 0.25% | 0.26% | 0.31% | 0.31% | 0.33% | 0.38% | 0.40% | 0.41% | | |
| 2018Q2 | 0.00% | 0.06% | 0.10% | 0.13% | 0.17% | 0.20% | 0.23% | 0.25% | 0.26% | 0.27% | 0.27% | 0.28% | 0.31% | 0.35% | 0.40% | 0.46% | 0.58% | 0.62% | 0.64% | | | |
| 2018Q3 | 0.00% | 0.03% | 0.05% | 0.12% | 0.16% | 0.20% | 0.22% | 0.23% | 0.26% | 0.26% | 0.26% | 0.30% | 0.33% | 0.34% | 0.41% | 0.50% | 0.54% | 0.57% | | | | |
| 2018Q4 | 0.00% | 0.06% | 0.11% | 0.17% | 0.20% | 0.23% | 0.24% | 0.27% | 0.27% | 0.28% | 0.31% | 0.36% | 0.38% | 0.43% | 0.56% | 0.60% | 0.64% | | | | | |
| 2019Q1 | 0.01% | 0.04% | 0.09% | 0.09% | 0.10% | 0.12% | 0.15% | 0.16% | 0.17% | 0.18% | 0.23% | 0.25% | 0.30% | 0.44% | 0.50% | 0.53% | | | | | | |
| 2019Q2 | 0.01% | 0.05% | 0.07% | 0.08% | 0.08% | 0.10% | 0.11% | 0.12% | 0.16% | 0.21% | 0.23% | 0.32% | 0.46% | 0.52% | 0.53% | | | | | | | |
| 2019Q3 | 0.00% | 0.02% | 0.05% | 0.06% | 0.08% | 0.08% | 0.09% | 0.11% | 0.14% | 0.18% | 0.22% | 0.31% | 0.37% | 0.39% | | | | | | | | |
| 2019Q4 | 0.00% | 0.01% | 0.01% | 0.04% | 0.04% | 0.04% | 0.06% | 0.09% | 0.12% | 0.16% | 0.26% | 0.30% | 0.34% | | | | | | | | | |
| 2020Q1 | 0.00% | 0.01% | 0.03% | 0.03% | 0.05% | 0.06% | 0.10% | 0.12% | 0.17% | 0.26% | 0.31% | 0.35% | | | | | | | | | | |
| 2020Q2 | | 0.00% | 0.00% | 0.00% | 0.01% | 0.02% | 0.05% | 0.12% | 0.19% | 0.22% | 0.23% | | | | | | | | | | | |
| 2020Q3 | | 0.00% | 0.00% | 0.02% | 0.03% | 0.05% | 0.06% | 0.09% | 0.13% | 0.15% | | | | | | | | | | | | |
| 2020Q4 | 0.02% | 0.03% | 0.03% | 0.05% | 0.06% | 0.10% | 0.16% | 0.25% | 0.28% | | | | | | | | | | | | | |

**NET LOSSES
FROM DEFAULTS
- USED**

**Quarter of
Origination**

Cumulative Net Loss Ratio (from Defaulted Contracts) (after Quarters of Origination)

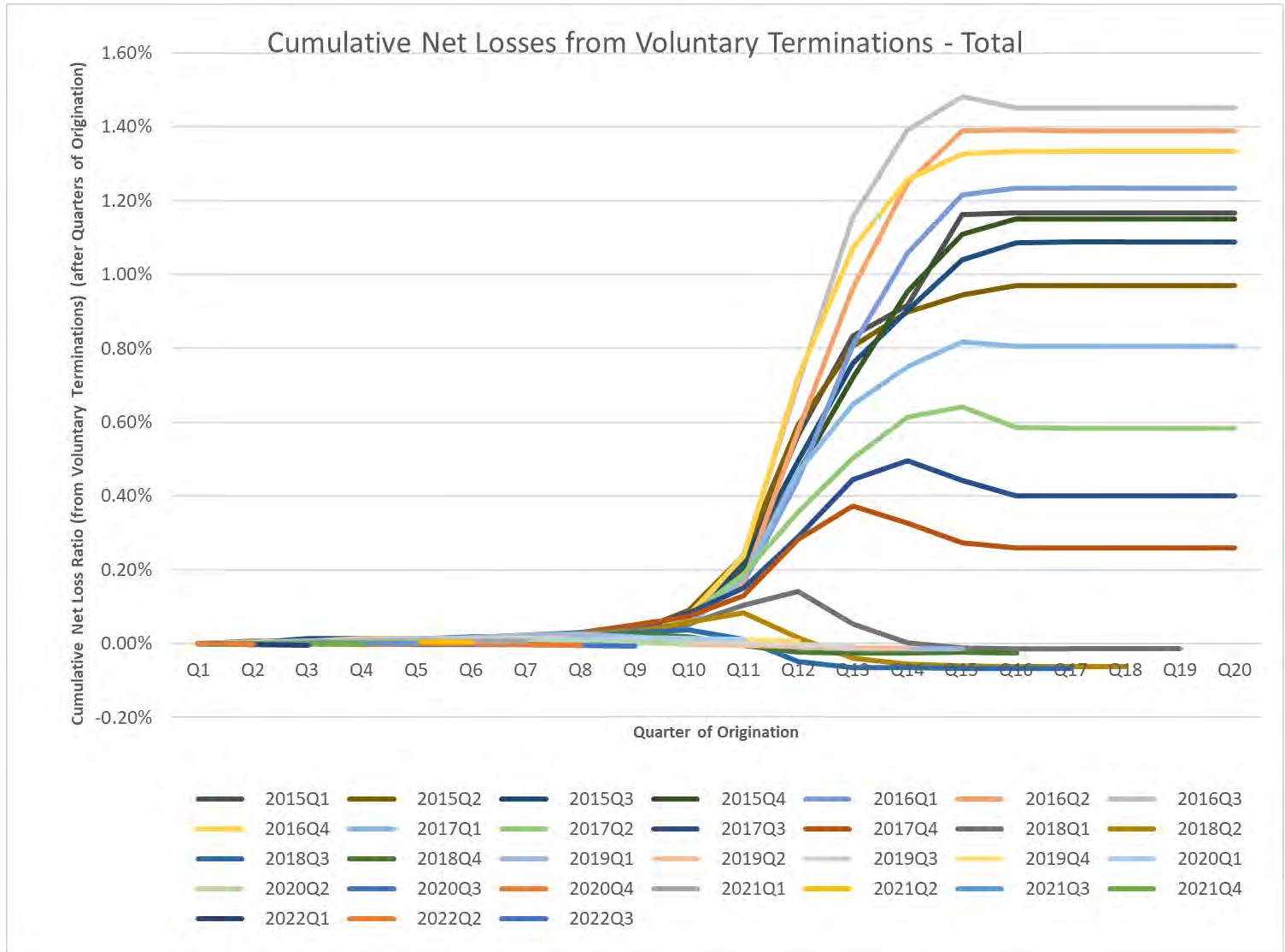
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| 2021Q1 | 0.00% | 0.00% | 0.01% | 0.02% | 0.04% | 0.05% | 0.11% | 0.12% | | | | | | | | | | | | | | | |
| 2021Q2 | | 0.00% | 0.01% | 0.02% | 0.05% | 0.10% | 0.12% | | | | | | | | | | | | | | | | |
| 2021Q3 | 0.02% | 0.02% | 0.06% | 0.07% | 0.13% | 0.17% | | | | | | | | | | | | | | | | | |
| 2021Q4 | 0.00% | 0.01% | 0.06% | 0.12% | 0.17% | | | | | | | | | | | | | | | | | | |
| 2022Q1 | 0.02% | 0.06% | 0.08% | 0.11% | | | | | | | | | | | | | | | | | | | |
| 2022Q2 | 0.00% | 0.06% | 0.10% | | | | | | | | | | | | | | | | | | | | |
| 2022Q3 | | 0.01% | | | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | 0.03% | | | | | | | | | | | | | | | | | | | | | | |



(10) Net Losses from Voluntary Terminations – Total

| NET LOSSES FROM VTs – TOTAL Quarter of Origination | Cumulative Net Loss Ratio (from Voluntary Terminations) (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | |
|---|---|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 |
| 2015Q1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.05% | 0.21% | 0.56% | 0.83% | 0.92% | 1.16% | 1.17% | 1.17% | 1.17% | 1.17% | 1.17% |
| 2015Q2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.03% | 0.09% | 0.24% | 0.59% | 0.81% | 0.90% | 0.94% | 0.97% | 0.97% | 0.97% | 0.97% | 0.97% |
| 2015Q3 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.03% | 0.07% | 0.22% | 0.50% | 0.76% | 0.90% | 1.04% | 1.09% | 1.09% | 1.09% | 1.09% | 1.09% |
| 2015Q4 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.02% | 0.07% | 0.19% | 0.46% | 0.72% | 0.95% | 1.11% | 1.15% | 1.15% | 1.15% | 1.15% | 1.15% |
| 2016Q1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.00% | 0.00% | 0.01% | 0.02% | 0.06% | 0.16% | 0.44% | 0.81% | 1.06% | 1.22% | 1.23% | 1.23% | 1.23% | 1.23% | 1.23% |
| 2016Q2 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.03% | 0.06% | 0.17% | 0.58% | 0.96% | 1.25% | 1.39% | 1.39% | 1.39% | 1.39% | 1.39% | 1.39% |
| 2016Q3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.03% | 0.07% | 0.24% | 0.70% | 1.15% | 1.39% | 1.48% | 1.45% | 1.45% | 1.45% | 1.45% | 1.45% |
| 2016Q4 | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.03% | 0.08% | 0.24% | 0.72% | 1.07% | 1.26% | 1.33% | 1.33% | 1.33% | 1.33% | 1.33% | 1.33% |
| 2017Q1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.05% | 0.18% | 0.47% | 0.65% | 0.75% | 0.82% | 0.81% | 0.81% | 0.81% | 0.81% | 0.81% |
| 2017Q2 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.03% | 0.07% | 0.19% | 0.36% | 0.50% | 0.61% | 0.64% | 0.59% | 0.58% | 0.58% | 0.58% | 0.58% |
| 2017Q3 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.04% | 0.08% | 0.15% | 0.29% | 0.44% | 0.49% | 0.44% | 0.40% | 0.40% | 0.40% | 0.40% | 0.40% |
| 2017Q4 | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.03% | 0.05% | 0.07% | 0.13% | 0.28% | 0.37% | 0.33% | 0.27% | 0.26% | 0.26% | 0.26% | 0.26% | 0.26% |
| 2018Q1 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.03% | 0.04% | 0.05% | 0.10% | 0.14% | 0.05% | 0.00% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% |
| 2018Q2 | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.02% | 0.02% | 0.03% | 0.03% | 0.06% | 0.08% | 0.02% | -0.04% | -0.06% | -0.06% | -0.06% | -0.06% | -0.06% | -0.06% | -0.06% |
| 2018Q3 | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.02% | 0.02% | 0.02% | 0.03% | 0.04% | 0.01% | -0.05% | -0.07% | -0.07% | -0.07% | -0.07% | -0.07% | -0.07% | -0.07% | -0.07% |
| 2018Q4 | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.02% | 0.02% | 0.02% | 0.02% | -0.01% | -0.02% | -0.03% | -0.03% | -0.02% | -0.03% | -0.03% | -0.03% | -0.03% | -0.03% |
| 2019Q1 | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.02% | 0.02% | 0.03% | 0.02% | 0.01% | 0.00% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% |
| 2019Q2 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.00% | 0.00% | 0.00% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% |
| 2019Q3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% |
| 2019Q4 | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| 2020Q1 | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| 2020Q2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 2020Q3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% | -0.01% |
| 2020Q4 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| NET LOSSES FROM VTs – TOTAL Quarter of Origination | Cumulative Net Loss Ratio (from Voluntary Terminations) (after Quarters of Origination) | | | | | | | | | | | | | | | | | | | |
|---|---|-------|-------|-------|-------|-------|-------|----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 |
| 2021Q1 | 0.00% | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | | | | | | | | | | | | | |
| 2021Q2 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | |
| 2021Q3 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | |
| 2021Q4 | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | | |
| 2022Q1 | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | | | |
| 2022Q2 | 0.00% | 0.00% | | | | | | | | | | | | | | | | | | |
| 2022Q3 | 0.00% | | | | | | | | | | | | | | | | | | | |
| 2022Q4 | | | | | | | | | | | | | | | | | | | | |



(11) Delinquencies

DELINQUENCIES

| Month | TOTAL | | | | NEW | | | | USED | | | |
|--------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|
| | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days |
| Jan-15 | 0.10% | 0.08% | 0.04% | 0.03% | 0.06% | 0.06% | 0.04% | 0.03% | 0.16% | 0.11% | 0.05% | 0.05% |
| Feb-15 | 0.12% | 0.07% | 0.03% | 0.03% | 0.10% | 0.06% | 0.02% | 0.03% | 0.16% | 0.10% | 0.05% | 0.03% |
| Mar-15 | 0.11% | 0.07% | 0.03% | 0.03% | 0.08% | 0.06% | 0.02% | 0.03% | 0.16% | 0.08% | 0.04% | 0.03% |
| Apr-15 | 0.10% | 0.07% | 0.03% | 0.02% | 0.09% | 0.06% | 0.02% | 0.02% | 0.13% | 0.08% | 0.04% | 0.03% |
| May-15 | 0.14% | 0.05% | 0.04% | 0.02% | 0.12% | 0.04% | 0.04% | 0.02% | 0.16% | 0.07% | 0.06% | 0.03% |
| Jun-15 | 0.10% | 0.07% | 0.03% | 0.03% | 0.08% | 0.06% | 0.03% | 0.02% | 0.13% | 0.08% | 0.03% | 0.04% |
| Jul-15 | 0.11% | 0.05% | 0.04% | 0.03% | 0.09% | 0.05% | 0.03% | 0.03% | 0.15% | 0.06% | 0.06% | 0.03% |
| Aug-15 | 0.10% | 0.06% | 0.03% | 0.03% | 0.08% | 0.04% | 0.02% | 0.03% | 0.15% | 0.08% | 0.03% | 0.04% |
| Sep-15 | 0.11% | 0.05% | 0.03% | 0.03% | 0.09% | 0.04% | 0.02% | 0.02% | 0.16% | 0.06% | 0.03% | 0.04% |
| Oct-15 | 0.13% | 0.06% | 0.03% | 0.03% | 0.10% | 0.05% | 0.02% | 0.03% | 0.19% | 0.07% | 0.04% | 0.04% |
| Nov-15 | 0.11% | 0.06% | 0.02% | 0.03% | 0.09% | 0.05% | 0.02% | 0.02% | 0.14% | 0.09% | 0.03% | 0.04% |
| Dec-15 | 0.13% | 0.06% | 0.04% | 0.03% | 0.11% | 0.05% | 0.02% | 0.03% | 0.17% | 0.08% | 0.06% | 0.04% |
| Jan-16 | 0.12% | 0.08% | 0.03% | 0.04% | 0.11% | 0.06% | 0.03% | 0.03% | 0.14% | 0.11% | 0.05% | 0.05% |
| Feb-16 | 0.12% | 0.06% | 0.04% | 0.03% | 0.11% | 0.05% | 0.03% | 0.03% | 0.14% | 0.09% | 0.05% | 0.04% |
| Mar-16 | 0.13% | 0.06% | 0.03% | 0.04% | 0.11% | 0.05% | 0.01% | 0.04% | 0.16% | 0.07% | 0.05% | 0.05% |
| Apr-16 | 0.13% | 0.06% | 0.03% | 0.03% | 0.12% | 0.05% | 0.03% | 0.03% | 0.17% | 0.09% | 0.04% | 0.05% |
| May-16 | 0.13% | 0.06% | 0.04% | 0.04% | 0.11% | 0.04% | 0.03% | 0.04% | 0.17% | 0.09% | 0.05% | 0.04% |
| Jun-16 | 0.13% | 0.07% | 0.03% | 0.04% | 0.10% | 0.06% | 0.02% | 0.03% | 0.17% | 0.08% | 0.05% | 0.05% |
| Jul-16 | 0.14% | 0.06% | 0.05% | 0.04% | 0.12% | 0.05% | 0.04% | 0.04% | 0.19% | 0.08% | 0.06% | 0.06% |
| Aug-16 | 0.11% | 0.08% | 0.04% | 0.05% | 0.09% | 0.06% | 0.04% | 0.04% | 0.13% | 0.10% | 0.05% | 0.06% |
| Sep-16 | 0.12% | 0.07% | 0.05% | 0.05% | 0.10% | 0.06% | 0.04% | 0.05% | 0.15% | 0.08% | 0.06% | 0.06% |
| Oct-16 | 0.13% | 0.06% | 0.05% | 0.06% | 0.11% | 0.04% | 0.05% | 0.05% | 0.18% | 0.08% | 0.05% | 0.08% |

DELINQUENCIES

| Month | TOTAL | | | | NEW | | | | USED | | | |
|--------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|
| | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days |
| Nov-16 | 0.11% | 0.08% | 0.03% | 0.05% | 0.09% | 0.07% | 0.02% | 0.05% | 0.15% | 0.10% | 0.04% | 0.06% |
| Dec-16 | 0.14% | 0.07% | 0.05% | 0.05% | 0.11% | 0.05% | 0.04% | 0.04% | 0.20% | 0.10% | 0.07% | 0.06% |
| Jan-17 | 0.13% | 0.09% | 0.05% | 0.06% | 0.10% | 0.07% | 0.05% | 0.05% | 0.18% | 0.13% | 0.06% | 0.08% |
| Feb-17 | 0.12% | 0.07% | 0.05% | 0.06% | 0.10% | 0.06% | 0.04% | 0.05% | 0.17% | 0.10% | 0.07% | 0.08% |
| Mar-17 | 0.14% | 0.07% | 0.04% | 0.05% | 0.11% | 0.05% | 0.04% | 0.05% | 0.19% | 0.10% | 0.05% | 0.06% |
| Apr-17 | 0.16% | 0.08% | 0.03% | 0.05% | 0.13% | 0.07% | 0.02% | 0.04% | 0.20% | 0.10% | 0.05% | 0.06% |
| May-17 | 0.12% | 0.06% | 0.04% | 0.05% | 0.10% | 0.05% | 0.03% | 0.04% | 0.16% | 0.08% | 0.06% | 0.06% |
| Jun-17 | 0.12% | 0.07% | 0.03% | 0.06% | 0.09% | 0.06% | 0.02% | 0.05% | 0.15% | 0.08% | 0.04% | 0.08% |
| Jul-17 | 0.12% | 0.06% | 0.04% | 0.05% | 0.09% | 0.05% | 0.03% | 0.05% | 0.17% | 0.06% | 0.04% | 0.06% |
| Aug-17 | 0.11% | 0.07% | 0.03% | 0.04% | 0.08% | 0.06% | 0.03% | 0.03% | 0.14% | 0.08% | 0.03% | 0.05% |
| Sep-17 | 0.13% | 0.06% | 0.04% | 0.04% | 0.10% | 0.05% | 0.03% | 0.04% | 0.17% | 0.08% | 0.04% | 0.05% |
| Oct-17 | 0.13% | 0.06% | 0.04% | 0.04% | 0.10% | 0.05% | 0.03% | 0.03% | 0.17% | 0.07% | 0.04% | 0.04% |
| Nov-17 | 0.11% | 0.06% | 0.03% | 0.04% | 0.09% | 0.05% | 0.03% | 0.03% | 0.14% | 0.08% | 0.03% | 0.05% |
| Dec-17 | 0.16% | 0.07% | 0.04% | 0.06% | 0.14% | 0.06% | 0.03% | 0.05% | 0.18% | 0.08% | 0.05% | 0.06% |
| Jan-18 | 0.12% | 0.09% | 0.05% | 0.05% | 0.10% | 0.07% | 0.04% | 0.05% | 0.16% | 0.11% | 0.06% | 0.06% |
| Feb-18 | 0.12% | 0.07% | 0.04% | 0.05% | 0.11% | 0.06% | 0.03% | 0.04% | 0.15% | 0.09% | 0.05% | 0.06% |
| Mar-18 | 0.13% | 0.07% | 0.03% | 0.05% | 0.11% | 0.05% | 0.03% | 0.04% | 0.16% | 0.09% | 0.04% | 0.07% |
| Apr-18 | 0.13% | 0.08% | 0.04% | 0.05% | 0.10% | 0.07% | 0.03% | 0.04% | 0.17% | 0.09% | 0.05% | 0.06% |
| May-18 | 0.14% | 0.06% | 0.06% | 0.04% | 0.12% | 0.04% | 0.04% | 0.04% | 0.16% | 0.07% | 0.08% | 0.05% |
| Jun-18 | 0.13% | 0.08% | 0.04% | 0.05% | 0.12% | 0.06% | 0.03% | 0.04% | 0.15% | 0.09% | 0.05% | 0.06% |
| Jul-18 | 0.14% | 0.05% | 0.03% | 0.04% | 0.12% | 0.05% | 0.03% | 0.04% | 0.17% | 0.07% | 0.03% | 0.06% |
| Aug-18 | 0.12% | 0.07% | 0.03% | 0.05% | 0.09% | 0.06% | 0.03% | 0.04% | 0.16% | 0.08% | 0.04% | 0.06% |
| Sep-18 | 0.13% | 0.07% | 0.04% | 0.04% | 0.10% | 0.05% | 0.03% | 0.04% | 0.16% | 0.09% | 0.05% | 0.05% |

DELINQUENCIES

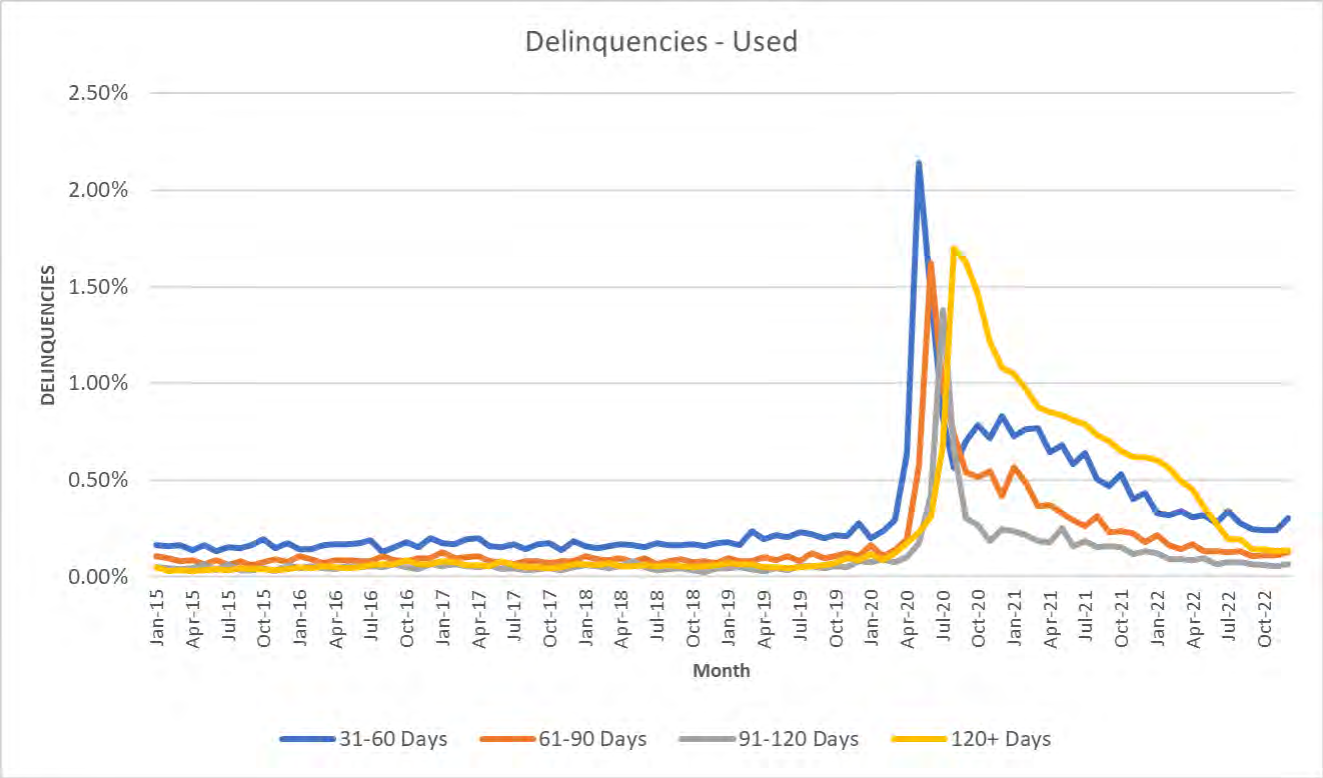
| Month | TOTAL | | | | NEW | | | | USED | | | |
|--------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|
| | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days |
| Oct-18 | 0.14% | 0.06% | 0.03% | 0.04% | 0.11% | 0.04% | 0.03% | 0.04% | 0.17% | 0.07% | 0.03% | 0.05% |
| Nov-18 | 0.12% | 0.06% | 0.02% | 0.04% | 0.08% | 0.04% | 0.02% | 0.04% | 0.16% | 0.08% | 0.02% | 0.05% |
| Dec-18 | 0.14% | 0.05% | 0.03% | 0.05% | 0.11% | 0.04% | 0.02% | 0.04% | 0.17% | 0.07% | 0.04% | 0.06% |
| Jan-19 | 0.13% | 0.08% | 0.03% | 0.06% | 0.09% | 0.06% | 0.02% | 0.05% | 0.18% | 0.10% | 0.05% | 0.07% |
| Feb-19 | 0.14% | 0.06% | 0.03% | 0.05% | 0.12% | 0.04% | 0.02% | 0.04% | 0.16% | 0.08% | 0.05% | 0.07% |
| Mar-19 | 0.19% | 0.07% | 0.02% | 0.05% | 0.15% | 0.06% | 0.01% | 0.05% | 0.23% | 0.08% | 0.04% | 0.06% |
| Apr-19 | 0.15% | 0.07% | 0.03% | 0.04% | 0.12% | 0.05% | 0.02% | 0.04% | 0.19% | 0.10% | 0.03% | 0.05% |
| May-19 | 0.17% | 0.06% | 0.04% | 0.05% | 0.13% | 0.04% | 0.03% | 0.04% | 0.22% | 0.08% | 0.04% | 0.05% |
| Jun-19 | 0.16% | 0.08% | 0.03% | 0.04% | 0.13% | 0.07% | 0.02% | 0.04% | 0.20% | 0.10% | 0.04% | 0.04% |
| Jul-19 | 0.18% | 0.06% | 0.04% | 0.04% | 0.14% | 0.05% | 0.03% | 0.04% | 0.23% | 0.08% | 0.06% | 0.05% |
| Aug-19 | 0.17% | 0.10% | 0.04% | 0.05% | 0.12% | 0.09% | 0.03% | 0.05% | 0.22% | 0.12% | 0.05% | 0.06% |
| Sep-19 | 0.14% | 0.07% | 0.04% | 0.05% | 0.10% | 0.05% | 0.03% | 0.05% | 0.20% | 0.10% | 0.05% | 0.06% |
| Oct-19 | 0.16% | 0.07% | 0.04% | 0.06% | 0.11% | 0.05% | 0.04% | 0.05% | 0.21% | 0.11% | 0.05% | 0.07% |
| Nov-19 | 0.16% | 0.09% | 0.04% | 0.08% | 0.12% | 0.06% | 0.03% | 0.06% | 0.21% | 0.12% | 0.05% | 0.09% |
| Dec-19 | 0.19% | 0.09% | 0.05% | 0.06% | 0.13% | 0.08% | 0.03% | 0.05% | 0.28% | 0.10% | 0.08% | 0.08% |
| Jan-20 | 0.15% | 0.12% | 0.05% | 0.09% | 0.10% | 0.09% | 0.04% | 0.06% | 0.20% | 0.16% | 0.08% | 0.12% |
| Feb-20 | 0.17% | 0.08% | 0.07% | 0.06% | 0.12% | 0.05% | 0.05% | 0.05% | 0.23% | 0.11% | 0.09% | 0.09% |
| Mar-20 | 0.23% | 0.10% | 0.06% | 0.09% | 0.19% | 0.07% | 0.04% | 0.07% | 0.29% | 0.14% | 0.08% | 0.12% |
| Apr-20 | 0.54% | 0.15% | 0.08% | 0.13% | 0.45% | 0.12% | 0.06% | 0.10% | 0.63% | 0.19% | 0.10% | 0.17% |
| May-20 | 1.79% | 0.50% | 0.14% | 0.18% | 1.48% | 0.43% | 0.12% | 0.13% | 2.14% | 0.57% | 0.17% | 0.23% |
| Jun-20 | 1.22% | 1.37% | 0.36% | 0.26% | 1.01% | 1.13% | 0.31% | 0.21% | 1.45% | 1.62% | 0.42% | 0.31% |
| Jul-20 | 0.73% | 0.83% | 1.16% | 0.58% | 0.65% | 0.70% | 0.94% | 0.49% | 0.82% | 0.97% | 1.38% | 0.68% |
| Aug-20 | 0.48% | 0.63% | 0.59% | 1.45% | 0.41% | 0.53% | 0.53% | 1.20% | 0.56% | 0.74% | 0.65% | 1.70% |

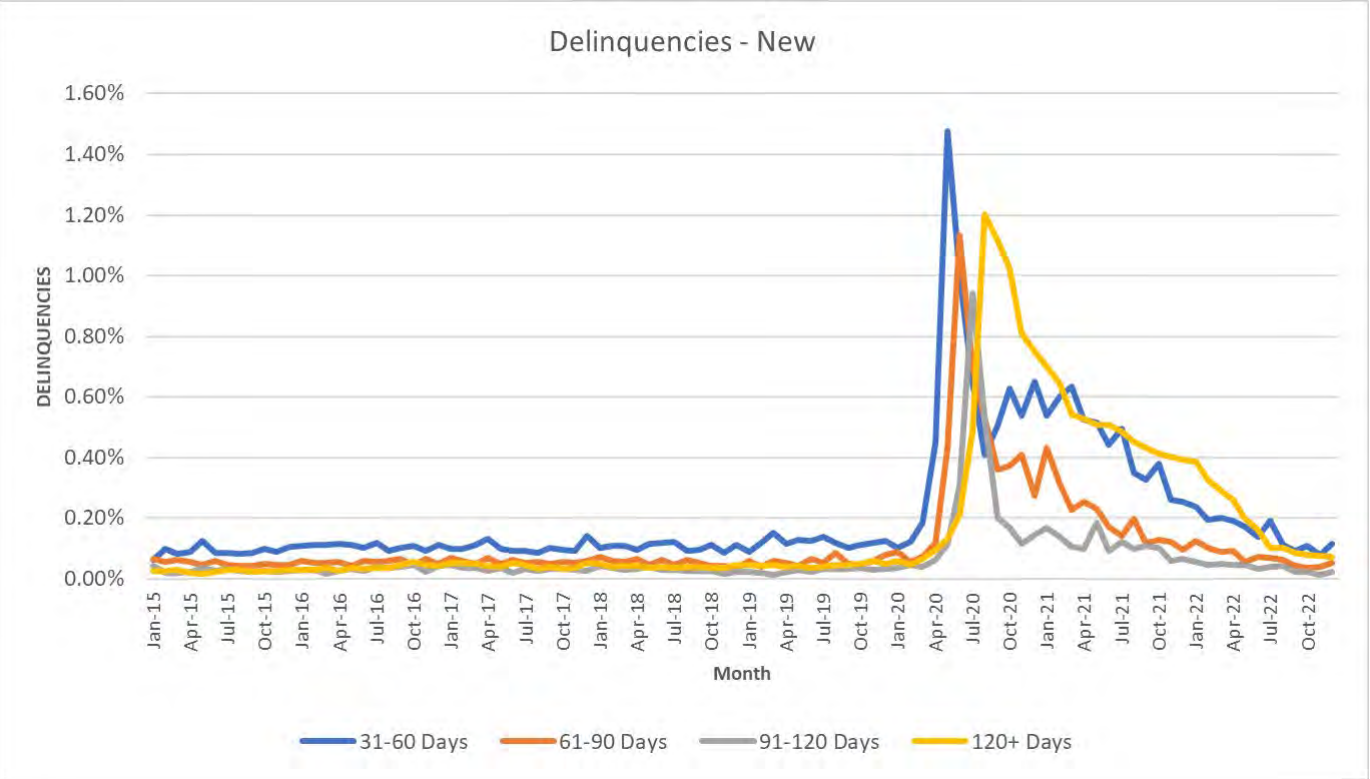
DELINQUENCIES

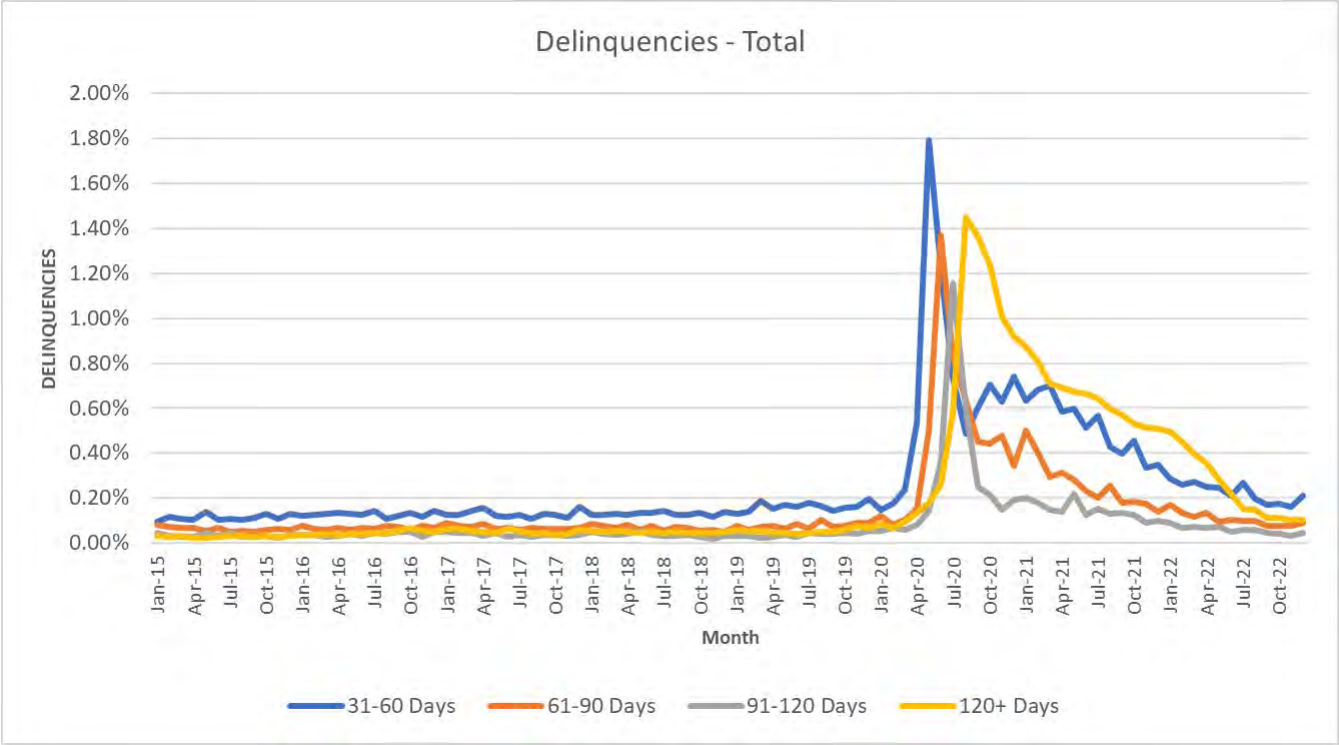
| Month | TOTAL | | | | NEW | | | | USED | | | |
|--------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|
| | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days |
| Sep-20 | 0.60% | 0.45% | 0.25% | 1.37% | 0.51% | 0.36% | 0.20% | 1.11% | 0.70% | 0.54% | 0.30% | 1.63% |
| Oct-20 | 0.70% | 0.44% | 0.21% | 1.24% | 0.63% | 0.37% | 0.17% | 1.02% | 0.78% | 0.52% | 0.26% | 1.46% |
| Nov-20 | 0.63% | 0.48% | 0.15% | 1.01% | 0.54% | 0.41% | 0.11% | 0.81% | 0.72% | 0.55% | 0.18% | 1.21% |
| Dec-20 | 0.74% | 0.35% | 0.19% | 0.92% | 0.65% | 0.27% | 0.14% | 0.75% | 0.83% | 0.42% | 0.25% | 1.09% |
| Jan-21 | 0.63% | 0.50% | 0.20% | 0.87% | 0.54% | 0.43% | 0.17% | 0.70% | 0.73% | 0.57% | 0.23% | 1.05% |
| Feb-21 | 0.68% | 0.40% | 0.18% | 0.81% | 0.60% | 0.31% | 0.14% | 0.64% | 0.76% | 0.48% | 0.22% | 0.97% |
| Mar-21 | 0.70% | 0.30% | 0.15% | 0.71% | 0.63% | 0.23% | 0.11% | 0.54% | 0.77% | 0.36% | 0.19% | 0.88% |
| Apr-21 | 0.58% | 0.31% | 0.14% | 0.69% | 0.52% | 0.25% | 0.10% | 0.53% | 0.64% | 0.37% | 0.18% | 0.85% |
| May-21 | 0.60% | 0.28% | 0.22% | 0.67% | 0.52% | 0.23% | 0.19% | 0.51% | 0.68% | 0.33% | 0.25% | 0.83% |
| Jun-21 | 0.51% | 0.23% | 0.12% | 0.66% | 0.44% | 0.17% | 0.09% | 0.51% | 0.58% | 0.29% | 0.16% | 0.81% |
| Jul-21 | 0.57% | 0.20% | 0.15% | 0.64% | 0.49% | 0.14% | 0.12% | 0.49% | 0.64% | 0.26% | 0.18% | 0.79% |
| Aug-21 | 0.43% | 0.26% | 0.13% | 0.60% | 0.35% | 0.20% | 0.10% | 0.45% | 0.50% | 0.31% | 0.15% | 0.73% |
| Sep-21 | 0.40% | 0.18% | 0.13% | 0.57% | 0.33% | 0.12% | 0.11% | 0.43% | 0.47% | 0.23% | 0.16% | 0.70% |
| Oct-21 | 0.46% | 0.18% | 0.13% | 0.53% | 0.38% | 0.13% | 0.10% | 0.41% | 0.53% | 0.24% | 0.15% | 0.65% |
| Nov-21 | 0.33% | 0.17% | 0.09% | 0.51% | 0.26% | 0.12% | 0.06% | 0.40% | 0.40% | 0.22% | 0.12% | 0.62% |
| Dec-21 | 0.35% | 0.14% | 0.10% | 0.51% | 0.26% | 0.10% | 0.06% | 0.39% | 0.43% | 0.18% | 0.13% | 0.62% |
| Jan-22 | 0.29% | 0.17% | 0.09% | 0.50% | 0.24% | 0.12% | 0.06% | 0.39% | 0.33% | 0.21% | 0.12% | 0.60% |
| Feb-22 | 0.26% | 0.13% | 0.07% | 0.45% | 0.19% | 0.10% | 0.05% | 0.33% | 0.32% | 0.16% | 0.09% | 0.56% |
| Mar-22 | 0.27% | 0.12% | 0.07% | 0.40% | 0.20% | 0.09% | 0.05% | 0.29% | 0.34% | 0.14% | 0.09% | 0.49% |
| Apr-22 | 0.25% | 0.13% | 0.07% | 0.36% | 0.19% | 0.09% | 0.04% | 0.26% | 0.31% | 0.17% | 0.09% | 0.45% |
| May-22 | 0.25% | 0.09% | 0.07% | 0.28% | 0.17% | 0.05% | 0.05% | 0.20% | 0.32% | 0.13% | 0.09% | 0.36% |
| Jun-22 | 0.21% | 0.10% | 0.05% | 0.22% | 0.14% | 0.07% | 0.03% | 0.16% | 0.27% | 0.13% | 0.07% | 0.27% |
| Jul-22 | 0.27% | 0.10% | 0.06% | 0.15% | 0.19% | 0.07% | 0.04% | 0.10% | 0.34% | 0.13% | 0.07% | 0.20% |

DELINQUENCIES

| Month | TOTAL | | | | NEW | | | | USED | | | |
|--------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|------------|------------|-------------|-----------|
| | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days | 31-60 Days | 61-90 Days | 91-120 Days | 120+ Days |
| Aug-22 | 0.20% | 0.10% | 0.06% | 0.15% | 0.11% | 0.06% | 0.04% | 0.10% | 0.28% | 0.13% | 0.07% | 0.19% |
| Sep-22 | 0.17% | 0.08% | 0.04% | 0.11% | 0.09% | 0.04% | 0.02% | 0.08% | 0.25% | 0.11% | 0.06% | 0.14% |
| Oct-22 | 0.18% | 0.07% | 0.04% | 0.11% | 0.11% | 0.03% | 0.02% | 0.08% | 0.24% | 0.11% | 0.06% | 0.14% |
| Nov-22 | 0.16% | 0.07% | 0.03% | 0.10% | 0.08% | 0.04% | 0.01% | 0.07% | 0.24% | 0.11% | 0.05% | 0.13% |
| Dec-22 | 0.21% | 0.09% | 0.04% | 0.10% | 0.12% | 0.05% | 0.02% | 0.07% | 0.30% | 0.13% | 0.06% | 0.13% |







(12) **Prepayments**

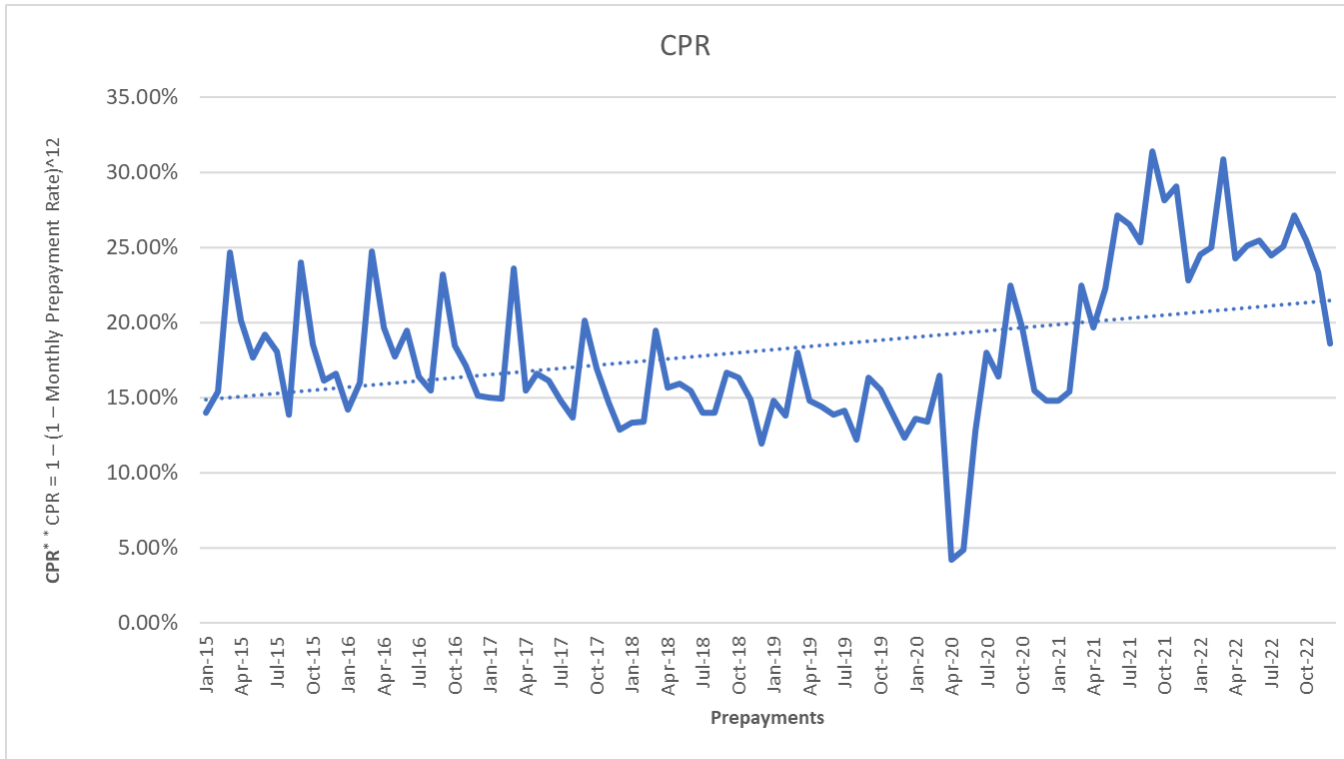
| Prepayments | Monthly Prepayment Rate | CPR* |
|--------------------|--------------------------------|-------------|
| Jan-15 | 1.25% | 13.98% |
| Feb-15 | 1.39% | 15.42% |
| Mar-15 | 2.34% | 24.70% |
| Apr-15 | 1.86% | 20.18% |
| May-15 | 1.61% | 17.69% |
| Jun-15 | 1.76% | 19.20% |
| Jul-15 | 1.65% | 18.11% |
| Aug-15 | 1.24% | 13.86% |
| Sep-15 | 2.27% | 24.04% |
| Oct-15 | 1.69% | 18.51% |
| Nov-15 | 1.45% | 16.11% |
| Dec-15 | 1.50% | 16.62% |
| Jan-16 | 1.27% | 14.18% |
| Feb-16 | 1.44% | 15.98% |
| Mar-16 | 2.34% | 24.73% |
| Apr-16 | 1.81% | 19.68% |
| May-16 | 1.62% | 17.77% |
| Jun-16 | 1.79% | 19.45% |
| Jul-16 | 1.48% | 16.42% |
| Aug-16 | 1.39% | 15.47% |
| Sep-16 | 2.18% | 23.19% |
| Oct-16 | 1.69% | 18.50% |
| Nov-16 | 1.55% | 17.13% |

* $CPR = 1 - (1 - \text{Monthly Prepayment Rate})^{12}$

| Prepayments | Monthly Prepayment Rate | CPR* |
|--------------------|--------------------------------|-------------|
| Dec-16 | 1.36% | 15.13% |
| Jan-17 | 1.34% | 14.99% |
| Feb-17 | 1.34% | 14.94% |
| Mar-17 | 2.22% | 23.59% |
| Apr-17 | 1.39% | 15.45% |
| May-17 | 1.50% | 16.62% |
| Jun-17 | 1.46% | 16.13% |
| Jul-17 | 1.32% | 14.78% |
| Aug-17 | 1.22% | 13.68% |
| Sep-17 | 1.86% | 20.17% |
| Oct-17 | 1.53% | 16.92% |
| Nov-17 | 1.31% | 14.66% |
| Dec-17 | 1.14% | 12.85% |
| Jan-18 | 1.18% | 13.32% |
| Feb-18 | 1.19% | 13.38% |
| Mar-18 | 1.79% | 19.45% |
| Apr-18 | 1.41% | 15.67% |
| May-18 | 1.44% | 15.97% |
| Jun-18 | 1.39% | 15.46% |
| Jul-18 | 1.25% | 14.00% |
| Aug-18 | 1.25% | 14.02% |
| Sep-18 | 1.51% | 16.68% |
| Oct-18 | 1.48% | 16.34% |
| Nov-18 | 1.33% | 14.89% |
| Dec-18 | 1.06% | 11.96% |
| Jan-19 | 1.32% | 14.78% |
| Feb-19 | 1.23% | 13.82% |

| Prepayments | Monthly Prepayment Rate | CPR* |
|--------------------|--------------------------------|-------------|
| Mar-19 | 1.64% | 18.01% |
| Apr-19 | 1.33% | 14.82% |
| May-19 | 1.29% | 14.44% |
| Jun-19 | 1.24% | 13.90% |
| Jul-19 | 1.26% | 14.15% |
| Aug-19 | 1.08% | 12.22% |
| Sep-19 | 1.48% | 16.34% |
| Oct-19 | 1.40% | 15.55% |
| Nov-19 | 1.25% | 13.97% |
| Dec-19 | 1.09% | 12.36% |
| Jan-20 | 1.21% | 13.61% |
| Feb-20 | 1.19% | 13.41% |
| Mar-20 | 1.49% | 16.48% |
| Apr-20 | 0.35% | 4.17% |
| May-20 | 0.42% | 4.89% |
| Jun-20 | 1.13% | 12.79% |
| Jul-20 | 1.64% | 18.01% |
| Aug-20 | 1.48% | 16.42% |
| Sep-20 | 2.10% | 22.45% |
| Oct-20 | 1.81% | 19.64% |
| Nov-20 | 1.39% | 15.51% |
| Dec-20 | 1.32% | 14.79% |
| Jan-21 | 1.32% | 14.78% |
| Feb-21 | 1.38% | 15.40% |
| Mar-21 | 2.10% | 22.50% |
| Apr-21 | 1.81% | 19.65% |
| May-21 | 2.08% | 22.29% |

| Prepayments | Monthly Prepayment Rate | CPR* |
|--------------------|--------------------------------|-------------|
| Jun-21 | 2.61% | 27.16% |
| Jul-21 | 2.54% | 26.55% |
| Aug-21 | 2.41% | 25.34% |
| Sep-21 | 3.09% | 31.41% |
| Oct-21 | 2.71% | 28.13% |
| Nov-21 | 2.83% | 29.11% |
| Dec-21 | 2.14% | 22.83% |
| Jan-22 | 2.32% | 24.58% |
| Feb-22 | 2.37% | 25.02% |
| Mar-22 | 3.03% | 30.90% |
| Apr-22 | 2.29% | 24.31% |
| May-22 | 2.39% | 25.17% |
| Jun-22 | 2.42% | 25.47% |
| Jul-22 | 2.31% | 24.46% |
| Aug-22 | 2.38% | 25.07% |
| Sep-22 | 2.61% | 27.18% |
| Oct-22 | 2.42% | 25.46% |
| Nov-22 | 2.19% | 23.33% |
| Dec-22 | 1.70% | 18.59% |



Capacity to produce funds Inferential statement of the Issuer

The Issuer states herewith that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However this is not a guarantee given by the Issuer and the Issuer as a special purpose entity has only limited resources available as described under the "*RISK FACTORS — Factors that may affect the Issuer's ability to fulfil its obligations under the Notes — Risks relating to the Issuer*".

Other characteristics

The Purchased Receivables, as at the Issue Date, will not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of article 21(2) of the UK Securitisation Regulation, in each case on the basis that the Purchased Receivables have been entered into substantially on the terms of similar standard documentation for PCP contracts.

Environmental performance

To the extent the administrative records of the Seller contain any information related to the environmental performance of the Purchased Receivables then such information shall be made available in the UK SR Investor Reports in accordance with Article 22(4) of the UK Securitisation Regulation.

CREDIT AND COLLECTION POLICY

Under the Servicing Agreement, the Purchased Receivables are to be administered (together with all other financing receivables of BMW FS) according to BMW FS' normal business procedures. The Customers will not be notified of the fact that the Purchased Receivable(s) arising under their respective Underlying Agreement(s) has/have been assigned to the Issuer, except under special circumstances.

The Portfolio was originated in the ordinary course of BMW FS' business in accordance with the origination processes set out below which were applied irrespective of whether the Purchased Receivables were to be securitised.

The normal business procedures of BMW FS relevant for the Underlying Agreements currently include the following:

Description of Rating System and Risk Management

Several methods are used to measure and manage the risks of the existing portfolio of BMW FS. For example, "**Value at Risk**" which indicates the maximum loss within the portfolio at a specific probability over a certain period of time for both credit and residual value risk is calculated on a regular basis.

Credit Decision and Underwriting

All credit applications in the financing business are subject to various integrity and plausibility checks as well as sophisticated rating procedures within standardised credit processes. The rating process is continuously being reviewed and enhanced as deemed necessary with regards to providing an accurate assessment of the customer's financial strength and to the ability to predict potential defaults. An automated system combines external information provided by the applicant, credit reference agencies and other sources as well as internal data on previous credit agreements. A scorecard assessment is made on the applicant, as well as the requirement for the proposal to satisfactorily pass all policy rules in place.

Several in-house scorecards are in operation, which draws on information provided by the individual as well as credit reference agencies' data. The process generates a resulting score for the applicant, which places them into a pass or fail category.

The policy rules that contribute to the automated decision can be divided into 5 main sections:

- Score;
- Credit Reference Agency (CRA);
- Asset;
- Compliance/Fraud;
- Affordability.

Should any of the policy rules be triggered during processing, this automatically triggers the requirement for a manual underwriting decision. In some cases, the score and policy rule results may result in an auto-decline. The nature of the manual underwrite will then depend on the flags raised during the automated decision, and may potentially require the provision of additional information in order to reach a decision.

Should any of the policy rules be triggered during processing, the automated decision is that a manual underwrite is necessary. In some cases, the score and policy rule results may result in an auto-decline. The nature of the manual underwrite will then depend on the flags raised during the automated decision and may potentially require the provision of additional information in order to reach a decision.

For every proposal a "**Probability of Default**" is assigned to the Customer based upon their credit rating figure, which along with the "**Loss Given Default**" and "**Exposure at Default**" determines the "**Expected Loss**". BMW FS historical default data and recovery rates are used to derive the probabilities of default and the Loss Given Default figure.

To the best of the Seller's knowledge, the Receivables and Related Collateral purchased (or to be purchased) are due from a Customer who does not have a credit assessment indicating as at the relevant origination date and, as at the Initial Cut-Off Date (in the case of a Receivable in the Initial Portfolio) or the relevant

Additional Cut-Off Date (in the case of a Receivable in any Additional Portfolio), based on the Seller's Credit and Collection Policy indicated above, a significant risk that contractually agreed payments will not be made.

Residual Value setting

The expected value of the financed asset upon maturity of the contract is determined based upon internal expertise as well as statistical methodology based on internal and external data. It is subject to ongoing assessment and monitoring for the entire duration of the contract in order to identify any potential loss in the remarketing process at an early stage.

Base Residual Value setting (SF Base)

Residual value setting begins with the calculation of the base residual value (the "**SF Base**"), which is the expected trade value of the asset to be realised upon maturity of the contract (excluding any commercial interests). In order to determine the SF Base, BMW Financial Services analyses the internal remarketing sales performance, other variables that affect the SF Base, such as ageing, life cycle, mileage, catalogue price and relevant macroeconomic factors and expert opinion on local competition, product substance, and remarketing performance factors. The SF Base is updated at least quarterly and continues throughout the duration of the contract.

Contractual Residual Value (CRV)

The contractual residual value is the basis for calculating the monthly instalments of the customer. The Contractual Residual Value is equal to or below the SF Base, to create an equity position for the customer.

Portfolio Evaluation

Over the life of a contract, the residual value assumptions are continually updated through monitoring the portfolio, periodically calculating the "**Adjusted Market Prognosis**" (AMP) and reviewing the expected return ratio for the assets. This allows the determination of expected residual value gains or losses.

Termination of Underlying Agreements

Private customers are entitled to withdraw from the contract within two weeks after receipt of a written notice informing of such right of withdrawal to BMW FS without giving any reasons.

Termination of the contract by BMW FS is possible, in particular, but not limited to any of the following situations:

Default of payment:

- At least two or three (depending on the value of the asset) consecutive instalments are not or only partially paid;

Other reasons:

- in case that debtor gives affirmation in lieu of oath, general payment stop also to other creditors, insolvency;
- debtor dies without heirs;
- if debtor has made untrue statements in connection with the contract or has failed to state relevant facts;
- if debtor moved abroad permanently;
- bankruptcy;
- breach of contract.

The customer has the right to either partially or fully settle the agreement in full at any point during the life of the contract. In addition the customer also has the right to voluntarily terminate the agreement once 50%

of the total amount payable has been invoiced. Furthermore the customer has the right but not the obligation to return the asset to BMW Financial Services at contract maturity.

Collections/recovery

The loan application includes a clause authorising BMW FS to debit the payments as they become due, directly on the debtors bank account. In 2019, more than 95% of the debtors made use of the direct debit system offered by BMW FS. This procedure should ensure that BMW FS receives amounts due promptly. The customers who do not authorise direct debiting give standing payment orders to their banks or write individual bank remittances.

The due date for the monthly instalments can be chosen by the customer within the application process, the customer also has the right to adjust their regular payment date during the life of the contract. BMW FS transmits the required information to HSBC Bank plc which in turn communicates/clears with the customer's bank. BMW FS receives the total amount of the instalments paid by direct debit after every payment run on its bank accounts.

In case the direct debiting order of BMW FS are not honoured, the direct debit order is automatically resubmitted (this typically takes seven to ten days).

Once the accounts is in arrears an initial arrears letter is issued to the customer. The process to issue the customer arrears letters is fully automated and supported by respective IT systems. The employees of the Collections and Recovery departments of BMW FS are authorised to grant justifiable payment extensions in exceptional cases within this period. Those extensions are closely monitored and reviewed.

If an agreement becomes delinquent because of a returned direct debit due to insufficient funds, a second (and if this is rejected a third) direct debit is issued. If this second (and third) direct debit is returned again or the customer is not using direct debit, a reminder with a new payment deadline of seven to eleven days may be sent out. If the debtor still does not pay the amount owed, then the agreement enters the arrears management process. The entire arrears management process is supported by automated letters and outbound telephone campaigns to customers handled through BMW FS and its service providers.

Generally the agreements are reviewed at 45, 75, 105 and 120 days. The Collections teams work the agreements as deemed necessary. If the agreement continues to be non-performing then a Notice to Default letter is usually issued after 90 days and the agreement subsequently becomes defaulted after 110 days.

In addition to the above, as a response to significant external events beyond BMW FS' control (including as a result of widespread health crises such as may result from epidemic infectious diseases like COVID-19), BMW FS may elect (in line with market practice) or may be required (as a result of government responses and directions in relation to such events) to adapt its collection and recovery activities (for example through following regulatory directions to allow payment holidays or not pursuing arrears for a certain time period).

BMW FS' approach to debt management aims to ensure that the customers are supported in a way that suits their needs and also for BMW FS to comply with all appropriate legislation and industry best practise (while allowing BMW FS to, where possible, recover monies owed in a timely manner). Customers can experience financial difficulty for many reasons, and in all instances of arrears, BMW FS aims to respond positively to the customer and treat them fairly. Customers in arrears will receive contact from BMW FS at regular intervals and the main purpose of such contact strategy is to be able to have a discussion with customers about their situation so that BMW FS can offer them the most appropriate support. Once contact has been made or further action is required on the agreement, the Collections and Recovery department will assess the agreement to decide the most appropriate next step(s). BMW FS can, where appropriate and affordable, offer the customer the chance to repay arrears over an extended period of time or reduce their monthly payments for a short period. These are always offered as a concession and not as a variation to the agreement. Customers will also always be signposted to free debt advice charities (which may assist the customers review their position and communicate effectively with their creditors, including BMW FS).

Defaulted

Once a contract is defaulted BMW FS requests that the Customer voluntarily surrenders the asset. If this is not successful then BMW FS can repossess the asset without a court order if and only if;

- less than one third of the Total Amount Payable has been paid

and

- the agreement did not originate in Scotland
- the Customer does not live in Scotland.

Note, assets from Northern Ireland are excluded from the securitisation.

For all other agreements a court order is required prior to starting repossession activities. Cases that need legal treatment (*e.g.* fraud, breach of contract) are generally forwarded to a BMW FS approved external law firm.

From a securitisation perspective, when an agreement is defaulted the remaining securitized receivable resulting from it are considered as defaulted and as such is considered a gross loss. All monies received from sales proceeds or otherwise are considered as recoveries.

Remarketing Activities

BMW FS remarket all assets that are returned, whether it be due to voluntary termination, default or contract maturity. Each asset is inspected to identify appropriate repair, retrofitting and refurbishment activities prior to a final quality check before being released to the designated sales channel.

BMW FS monitors the remarketing process through the following defined Key Performance Indicators (KPI's):

- DTS: Days To Sell (average time to sell assets);
- DIS: Days In Stock (average age of stock);
- Sales Performance: sales results against fair market value;
- Level of Stock: number of assets in stock.

THE ISSUER

Introduction

The Issuer was incorporated under the laws of England and Wales on 7 April 2022 (registered number 14032087) as a public limited company under the Companies Act 2006. The registered office of the Issuer is at Third Floor, 1 Kings Arms Yard, London, EC2R 7AF.

The telephone number of the Issuer's registered office is +44 (0)20 7397 3600.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1.00 each of which are quarter-paid and all are held by Holdings (see the section titled "*HOLDINGS*" below).

The Issuer has no subsidiaries and does not control, directly or indirectly, any other company. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing asset backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5 (*Covenants*).

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

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

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public limited company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and the authorisation of the other Transaction Documents referred to in this Offering Circular to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer, as necessary, has made a notification under the Data Protection Act 1998. The Issuer confirms that since the date of its incorporation or establishment, it has not commenced operations and no financial statements have been drawn up as at the date of this Offering Circular. However, the accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2022 accordingly.

There is no intention to accumulate surpluses in the Issuer (although amounts may stand from time to time to the credit of the Retained Profit Account, the Operating Account, the Cash Reserve Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Replenishment Account).

Directors

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

| <u>Name</u> | <u>Business Address</u> | <u>Business Occupation</u> |
|---|--|----------------------------|
| Wilmington Trust SP Services (London) Limited | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |
| Ioannis Kyriakopoulos | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |

The directors of Wilmington Trust SP Services (London) Limited and their principal activities are as follows:

| <u>Name</u> | <u>Business Address</u> | <u>Principal Activities</u> |
|---------------------------------|--|-----------------------------|
| Alexander James Rowland Pashley | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |

| Name | Business Address | Principal Activities |
|-----------------------|--|-----------------------------|
| Alan Geraghty | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |
| Daniel Jonathan Wynne | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |

The company secretary of the Issuer is Wilmington Trust SP Services (London) Limited whose principal office is at Third Floor, 1 King's Arms Yard, London EC2R 7AF.

The independent auditor of the Issuer is PricewaterhouseCoopers LLP whose office is located at 7 More London Riverside, London SE1 2RT, United Kingdom.

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Offering Circular.

HOLDINGS

Introduction

Holdings was incorporated under the laws of England and Wales on 28 June 2017 (registered number 10840759) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is at Third Floor, 1 King's Arms Yard, London, EC2R 7AF. The issued share capital of Holdings comprises one ordinary share of £1.00. Wilmington Trust SP Services (London) Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share capital under a discretionary trust for discretionary purposes. Holdings holds the beneficial interest in the issued share capital of the Issuer.

Neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer. Holdings does not have any control, direct or indirect, of any company other than the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

The main activity of Holdings since its incorporation has been to hold the shares of each of Bavarian Sky UK 1 plc, Bavarian Sky UK 2 plc, Bavarian Sky UK 3 plc, Bavarian Sky UK 4 plc and the Issuer and to engage in those activities incidental to the authorisation and implementation of the transaction documents to which it was a party relating to the securitisation transaction of Bavarian Sky UK 1 plc on 20 November 2017, Bavarian Sky UK 2 plc on 23 July 2018, Bavarian Sky UK 3 plc on 17 April 2020, Bavarian Sky UK 4 plc on 18 August 2021, the Issuer on the Issue Date and the Transaction Documents referred to in this Offering Circular in relation to the Transaction.

Directors

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

| <u>Name</u> | <u>Business Address</u> | <u>Business Occupation</u> |
|---|--|----------------------------|
| Wilmington Trust SP Services (London) Limited | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |
| Daniel Jonathan Wynne | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |

The directors of Wilmington Trust SP Services (London) Limited and their respective occupations are:

| <u>Name</u> | <u>Business Address</u> | <u>Principal Activities</u> |
|---------------------------------|--|-----------------------------|
| Alexander James Rowland Pashley | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |
| Alan Geraghty | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |
| Daniel Jonathan Wynne | Third Floor, 1 King's Arms Yard, London EC2R 7AF | Company Director |

The company secretary of Holdings is Wilmington Trust SP Services (London) Limited whose principal office is at Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings were drawn up to 31 December 2018.

Holdings has no employees.

THE SELLER AND SERVICER

BMW FS (the "**Company**") is a financial services company that has been part of the BMW Group since 1992.

BMW Group is a leading provider of premium products and premium services for individual mobility. It is a maker of premium brand cars and motorcycles worldwide, and owns the premium brands "**BMW**", "**MINI**" and "**Rolls-Royce**".

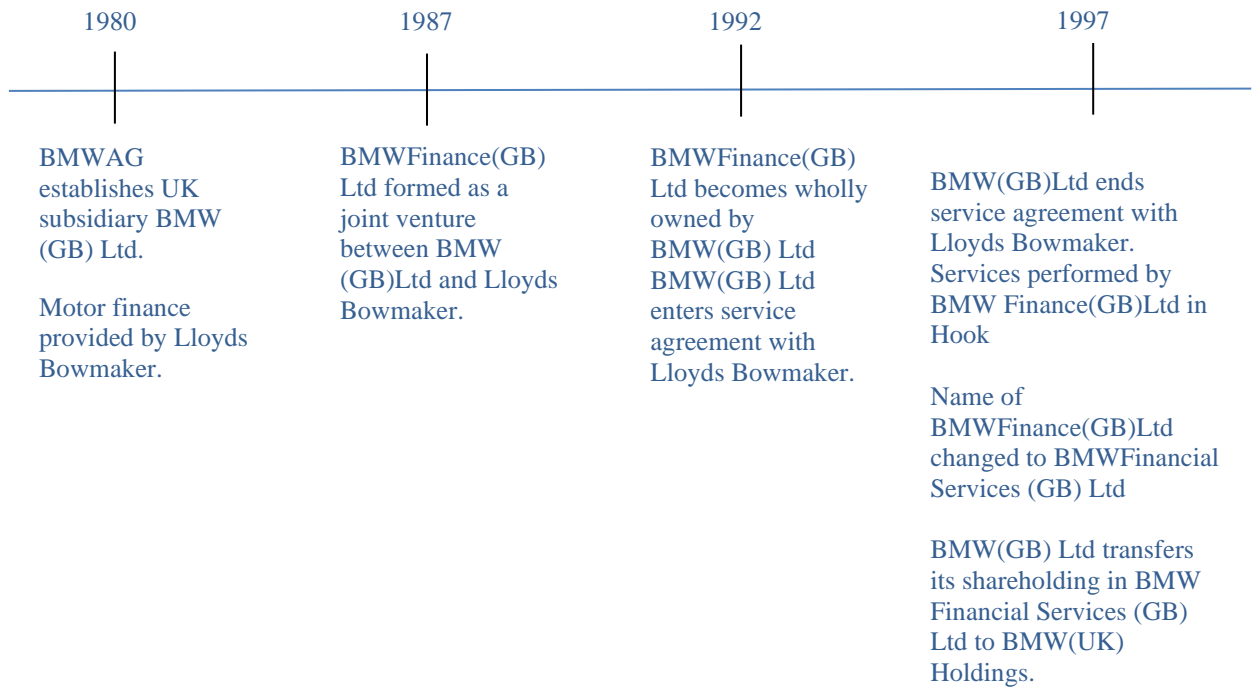
The Company seeks to uphold the values of these brands through the provision of financial services products tailored to motor vehicle buyers' and its dealers' (referred to as the "**BMW Dealers**") needs, in order to support BMW Group sales activities. The Company has more than 5 years' experience in originating and servicing automotive finance products such as the Purchased Receivables.

Principal place of business

The Company's trading and registered office address is Summit ONE, Summit Avenue, Farnborough, Hampshire GU14 0FB.

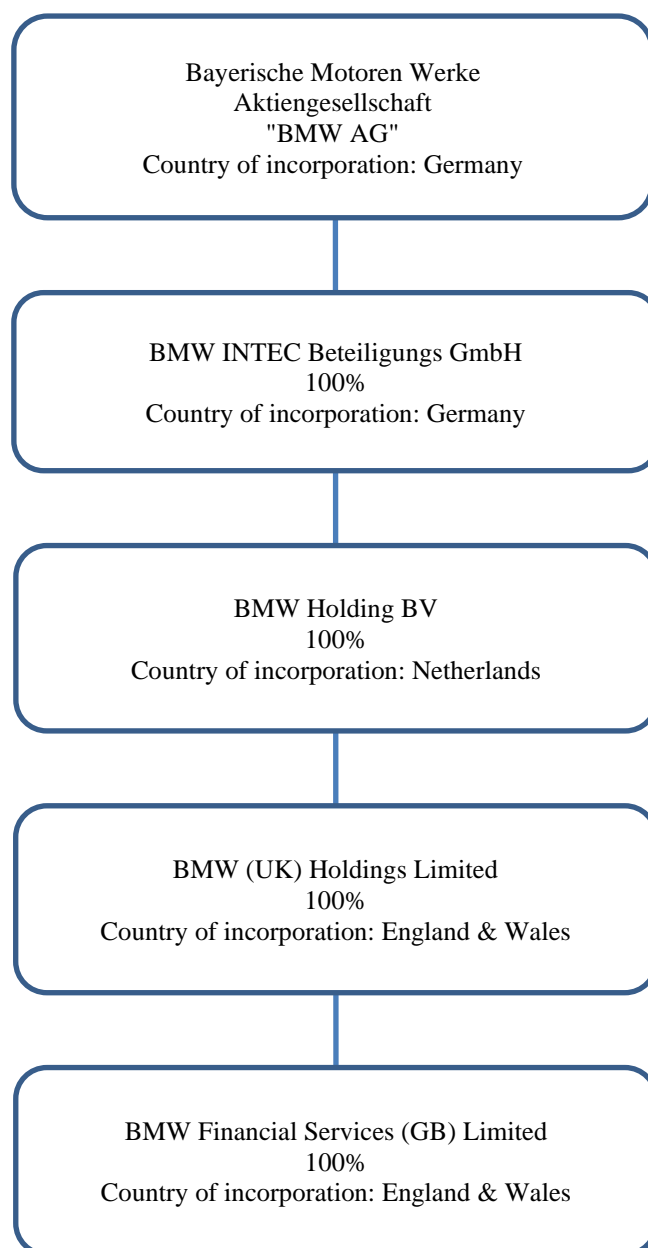
History

The history leading to the creation of the Company is summarised below.



The Company as part of the BMW Group

The ultimate parent company of the BMW Group is Bayerische Motoren Werke Aktiengesellschaft, (BMW AG). The BMW Group comprises BMW AG and all subsidiaries. The ownership structure is summarised below:



The Company is owned by BMW (UK) Holdings Limited. The parent of BMW (UK) Holdings Limited is BMW Holding BV, a Dutch company, the purpose of which is to assist financing of activities conducted by the companies of the BMW Group and its Affiliates. The parent of BMW Holding BV is BMW INTEC Beteiligungs GmbH, a company directly owned by BMW AG.

Since 2020 the Company and its sister organisation within the BMW Group, Alphabet (GB) Limited, have actively worked on a programme to explore how the two organisations could work more closely and collaboratively in order to develop future capabilities and enhance products and services to meet changing customer needs. In January 2022 Chief Executive Officer (CEO) responsibilities for both organisations were combined and in July 2022 the two organisations moved to a single, shared Management Committee structure. In February 2023 the business completed structural changes to create one, integrated organisation while the companies remain as two separate legal entities that are regulated by the Financial Conduct Authority (FCA).

The Company's activities

The Company has provided regulated consumer credit activities since its incorporation. It was authorised to conduct these activities by the Financial Conduct Authority on 13th July 2015. Prior to being granted authorisation the Company held interim permissions from the FCA to provide regulated consumer credit.

Appointed representatives

The Company does not have appointed representatives for consumer credit activities.

The Company has a network of appointed representatives for insurance mediation, all of which are BMW Group motor vehicle or motorcycle BMW Dealers.

Business overview

Provision of automotive financial services

The Company's principal strategic role within the BMW Group is to enable customers in the UK to engage with BMW Group's products and services relating to individual mobility, through the provision of financial products and services to retail and wholesale customers. The Company competes in the automotive finance market with other financial services businesses associated with other motor brands, ("**auto-captives**"), as well as commercial banks and independent finance providers offering purchase and leasing products.

A motor vehicle plays a fundamental role in enabling personal mobility and, for many individuals, is critical to their daily lives. It is a high value purchase which many customers seek to fund. To provide a seamless service that enables customers to purchase the vehicle that meets their needs, automotive manufacturers integrate financing solutions into the marketing of their vehicles.

Financial products and services of motor finance providers are marketed and offered at the point of sale of the motor vehicle, providing ease and convenience to the customer. While some vehicle sales activity has migrated away from the traditional dealer outlet to online sales, motor finance providers still rely very heavily upon the motor dealer to introduce customers to them. Motor dealers are uniquely placed to ensure that both the transaction for the motor vehicle and the finance product are tailored specifically to customer needs and are able to explain the products and answer questions to ensure that the customer properly understands their options.

The Company takes steps to ensure that motor dealers, and other third parties, performing activities on its behalf, do so in a manner that ensures the Company's customers are treated in compliance with the spirit and intent of laws and regulations and in accordance with the standards of the Company. The Company recognises that whilst certain of its partners are also regulated by the FCA, it is responsible for ensuring that customers are treated fairly.

The Company expands its customer reach under the name of ALPHERA Financial Services. This enables purchasers of non-BMW Group products to benefit from financing solutions offered by the Company.

In addition, the Company helps to ensure the stability of the BMW Group Retail network and selected ALPHERA partners through the provision of commercial finance solutions to fund their stockholding of new and used vehicles or demonstrator vehicles, the buying, developing or refinancing of retail centres or premises, and providing liquidity for its partners' businesses.

Business segments

The Company offers a range of financial services to meet the needs of its retail and corporate customers, including retail financing, dealer financing and general insurance.

Retail financing

The Company provides regulated and unregulated lease and credit financing of new and used vehicles for retail customers under different trading names based on the brand of the vehicle.

The Company has two retail divisions, BMW Group Brands and ALPHERA which have broadly similar activities but which operate in different sectors of the auto-finance market. While BMW Group Brands comprises the majority of the total portfolio of retail contracts financed, ALPHERA contributes approximately 30% to the Company's business.

Rolls-Royce Motor Cars Financial Services is provided through the ALPHERA retail division and ALPHERA also provides finance for other super luxury brand vehicles.

The vast majority of retail finance products are sold through intermediaries (motor vehicle dealers and independent finance brokers) at point of sale of the vehicle. The Company provides a range of standard finance products (including Contract Hire, PCP, Hire Purchase and Lease Purchase) and services to meet customers' needs, including both purchase and leasing options. Most customers who finance their vehicle choose a purchase rather than lease product.

All regulated retail finance products are offered on a fixed interest/payment basis over a fixed term of no longer than five years.

Approximately 90% of the Company's portfolio volume in 2020 were PCP products. PCP products are designed to meet the needs of a large proportion of the Company's customer base who fund the purchase of a new or nearly new vehicle and anticipate changing their vehicle regularly.

BMW Dealer financing

The Company provides unregulated commercial finance to BMW Group dealers in the UK, authorised Rolls-Royce dealers and non-affiliated motor vehicle dealer networks through the ALPHERA division.

General insurance

The Company provides regulated general insurance products through its supplier partners.

The sale of general insurance activity is predominantly carried out through the BMW Group Financial Services Retail network and independent brokers. It is provided on both a branded solution (for the BMW, MINI, Motorrad and Rolls Royce brands) and for the ALPHERA business.

The BMW Dealers and brokers operate either as authorised firms in their own right, or as appointed representatives of the Company.

Position in the automotive finance market

The automotive finance market in the UK is mature and highly competitive. The Company competes with other financial services captive businesses associated with other motor brands, as well as other independent finance providers offering purchase, leasing and other finance products such as personal loans.

The Company is a member of, and active participant in, the Finance and Leasing Association (the "**FLA**") and the British Vehicle Rental and Leasing Association (the "**BVRLA**").

The finance products available in this market place are typically generic, with similar purchase and leasing options offered by all major motor finance providers. The Company offers a product range comparable to other auto-captives. Product differentiation in the market place is achieved through interest rates charged or through the predicted future market value of the vehicle, or potentially both.

In line with other captive providers, the Company sells a greater proportion of PCP products than the average across the market as it finances a greater proportion of new and nearly new vehicles than non-captive providers.

THE SWAP COUNTERPARTY

For the purposes of the Transaction, the Issuer has appointed Royal Bank of Canada, London branch as swap counterparty (the "**Swap Counterparty**").

Royal Bank of Canada (referred to in this section as "**Royal Bank**") is a Schedule I bank under the Bank Act (Canada), which constitutes its charter and governs its operations. Royal Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec, H3B 3A9, Canada. Royal Bank is the ultimate parent company of RBC Europe Limited, the Co-Manager, and the Swap Counterparty is a branch of the Royal Bank.

Royal Bank is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. As Canada's biggest bank, and one of the largest in the world based on market capitalization, Royal Bank has a diversified business model with a focus on innovation and providing exceptional experiences to its 17 million clients in Canada, the U.S. and 27 other countries.

Royal Bank had, on a consolidated basis, as at January 31, 2023, total assets of C\$1,933.0 billion (approximately US\$1,453.6 billion), equity attributable to shareholders of C\$107.7 billion (approximately US\$81.0 billion) and total deposits of C\$1,203.8 billion (approximately US\$905.3 billion)¹. The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank's unaudited Interim Condensed Consolidated Financial Statements included in its quarterly Report to Shareholders for the fiscal period ended January 31, 2023.

The senior long-term debt² of Royal Bank has been assigned ratings of A (stable outlook) by S&P Global Ratings, A1 (stable outlook) by Moody's Investors Service and AA- (stable outlook) by Fitch Ratings. The legacy senior long-term debt³ of Royal Bank has been assigned ratings of AA- by S&P Global Ratings, Aa1 by Moody's Investors Service and AA by Fitch Ratings. Royal Bank's common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol "RY". Its preferred shares are listed on the Toronto Stock Exchange.

On written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Offering Circular is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, South Tower, Toronto, Ontario, M5J 2J5, Canada, or by calling (416) 955-7802, or by visiting www.rbc.com/investorrelations⁵.

The delivery of this Offering Circular does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

¹ As at January 31, 2023: C\$1.00 = US\$0.752

² Includes senior long-term debt issued on or after September 23, 2018 which is subject to conversion under the Canadian Bank Recapitalization (Bail-in) regime.

³ Includes senior long-term debt issued prior to September 23, 2018 and senior long-term debt issued on or after September 23, 2018 which is excluded from the Bail-in regime.

⁴ This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Offering Circular.

⁵ This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Offering Circular.

THE TRUSTEE

HSBC Corporate Trustee Company (UK) Limited a private limited company incorporated in England and Wales with registered number 06447555, whose registered office is at 8 Canada Square, London E14 5HQ.

**THE ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT,
THE REGISTRAR, THE INTEREST DETERMINATION AGENT AND THE DATA TRUSTEE**

HSBC Bank Plc a company incorporated in England and Wales with registered number 14259 and having its registered office at 8 Canada Square, London E14 5HQ

THE CORPORATE SERVICES PROVIDER AND THE BACK-UP SERVICER FACILITATOR

Wilmington Trust SP Services (London) Limited (registered number 02548079), having its principal address at Third Floor, 1 King's Arms Yard, London, EC2R 7AF will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement, and to act as Back-Up Servicer Facilitator pursuant to the Servicing Agreement.

Wilmington Trust SP Services (London) Limited has served and is currently serving as corporate service provider and back-up servicer facilitator for numerous securitisation transactions and programmes.

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Interest on the Notes

Payment of Interest on the Notes

The Notes will constitute "**quoted Eurobonds**" if they carry a right to interest and are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**") for the purposes of section 987 of the Act). Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Luxembourg Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Main Market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "**established**" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the 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 the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "**foreign passthru payment**" and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are 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.

Noteholders 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

1. Subscription of the Notes

The Managers, the Issuer and the Seller are parties to the Subscription Agreement. Pursuant to the Subscription Agreement, each of the Managers has agreed, subject to certain conditions, to subscribe or procure subscribers for the Class A Notes. The Class B Notes and the Class C Notes will initially be issued to the Seller, as the originator, in compliance with Article 6 of the UK Securitisation Regulation and Article 6 of the EU Securitisation Regulation (as in force on the Issue Date). The Seller has agreed to pay each of the Managers a combined management, underwriting and placement commission on the Class A Notes and other fees, if any, as agreed between the parties to the Subscription Agreement. The Seller has agreed to reimburse each of the Managers for certain of its expenses in connection with the issue of the Notes. Pursuant to the Subscription Agreement, the Seller and the Issuer have agreed to indemnify each of the Managers, as more specifically described in the Subscription Agreement, for and against certain Losses and liabilities in connection with certain representations in respect of, inter alia, the accurateness of certain information contained in this Offering Circular.

In the Subscription Agreement, the Issuer has made certain representations and warranties in respect of its legal and financial matters.

The Subscription Agreement entitles the Managers, acting jointly and not individually, to terminate the Managers' obligations thereunder in certain circumstances prior to payment of the purchase price of the Notes. The Issuer has agreed to indemnify each of the Managers against certain liabilities in connection with the offer and sale of the Notes.

2. Selling Restrictions

General

All applicable laws and regulations must be observed in any jurisdiction in which Notes may be offered, sold or delivered. Each of the Managers has agreed that it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this Offering Circular or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not to its best knowledge and belief impose any obligations on the Issuer except as set out in the Subscription Agreement.

Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of sale to European Economic Area Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or the United Kingdom. For these purposes:

- (a) the expression 'retail investor' means a person who is one (or more) of the following:
 - (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; and
- (b) the expression 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United States of America and its Territories

- (1) The Notes have not been and will not be registered under the Securities Act and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act. Each of the Managers has represented and agreed that it has not offered or sold any Note, and will not offer or sell any Note constituting part of its allotment within the United States except in accordance with Rule 903 under Regulation S under the Securities Act. Accordingly, each Manager has further represented and agreed that neither it, its respective affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note.

In addition, until forty (40) calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer or other person that is not participating in the offering may violate the registration requirements of the Securities Act.

Each Manager has (i) acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act; (ii) represented and agreed that it has not offered or sold or delivered any Notes, and will not offer, sell or deliver any Notes, (x) as part of its distribution at any time or (y) otherwise before forty (40) calendar days after the later of the commencement of the offering and the Issue Date, except in accordance with Rule 903 under Regulation S under the Securities Act; and accordingly, (iii) further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act, and (iv) also agreed that, at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903 (b)(2)(iii) (x) as part of their distribution at any time or (y) otherwise until forty (40) calendar days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

Terms used in this clause have the meaning given to them in Regulation S under the Securities Act.

United Kingdom

Each Manager has represented, warranted and agreed 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 investment activity (within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

France

Each Manager has represented, warranted and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France within the meaning of article L.411-1 of the French Monetary and Financial Code (*Code Monétaire et Financier*), and that, it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Offering Circular or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (A) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (B) qualified investors (*investisseurs qualifiés*) investing for their own account as defined in and in accordance with articles L.411-1, L.411-2 and D.411-1 of the French Monetary and Financial Code (*Code Monétaire et Financier*).

USE OF PROCEEDS

The aggregate net proceeds from the issue of the Notes will amount to £549,400,000. The net proceeds are equal to the gross proceeds and will be used by the Issuer to finance acquisition of certain Receivables and Related Collateral from the Seller on the Issue Date.

GENERAL INFORMATION

1. **Subject of this Offering Circular**

This Offering Circular relates to £549,400,000 aggregate principal amount of the Notes issued by the Issuer.

2. **Authorisation**

The issue of the Notes was authorised by a resolution of the board of directors of Bavarian Sky UK 5 plc passed on or about 18 April 2023.

3. **Litigation**

Neither Bavarian Sky UK 5 plc is, or has been since its incorporation, nor the Seller is, or – during the period covering at least the previous twelve (12) months – has been, engaged in any governmental, litigation or arbitration proceedings which may have or have had during such period a significant effect on their respective financial position or profitability, and, as far as Bavarian Sky UK 5 plc and the Seller are aware, no such governmental, litigation or arbitration proceedings are pending or threatened, respectively.

4. **Payment Information**

Payments and transfers of the Notes will be settled through the ICSDs (as described under 10. below). The Notes have been accepted for clearing by the ICSDs.

All notices regarding the Notes will either be published on the website of the Luxembourg Stock Exchange (www.luxse.com) or delivered to the ICSDs for communication by them to the Noteholders.

5. **Material Change**

Since the date of incorporation of the Issuer, there has been no material adverse change in the financial position or prospects of the Issuer.

6. **Financial Statements**

The auditors of Bavarian Sky UK 5 plc, PricewaterhouseCoopers, are members of the Institute of Chartered Accountants of England and Wales. No statutory or non-statutory financial statements in respect of any business year of Bavarian Sky UK 5 plc have been prepared other than as referred to in this Offering Circular. Bavarian Sky UK 5 plc does not and will not publish interim accounts. The business year in respect of Bavarian Sky UK 5 plc is the calendar year. The accounting reference date of Bavarian Sky UK 5 plc is 31 December and the first statutory accounts of Bavarian Sky UK 5 plc will be drawn up to 31 December 2022.

7. **Liability cashflow model**

Prior to the pricing of the Notes and as long as the Class A Notes remain outstanding, a liability cashflow model will be made available to Noteholders via EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>.

8. **Luxembourg Listing**

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Issuer will assume the obligations assigned to a listing agent and arrange for application to be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. For as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange, the Issuer will assume the obligations assigned to a listing agent. The total estimated listing expenses are approximately EUR 14,300.00.

9. **Availability of Documents**

Prior to the listing of the Notes on the Luxembourg Stock Exchange, the constitutional documents of the Issuer will be available for inspection at the registered office of the Issuer and copies of these documents may be obtained, free of charge, upon request.

Upon listing of the Notes on the Luxembourg Stock Exchange and so long as the Notes remain outstanding, copies of the constitutive documents of the Issuer may also be obtained free of charge during customary business hours at the specified offices of the Principal Paying Agent. The following documents may also be inspected during customary business hours at the specified offices of the Principal Paying Agent and of the Issuer:

- (a) the Articles of Incorporation of Bavarian Sky UK 5 plc;
- (b) the minutes of the meeting of the board of directors of Bavarian Sky UK 5 plc approving the issue of the Notes, the issue of the Offering Circular and the Transaction as a whole;
- (c) the future annual financial statements of Bavarian Sky S.A. (interim financial statements will not be prepared);
- (d) the Monthly Investor Reports, the UK SR Investor Reports and the EU SR Investor Reports;
- (e) the Trust Deed;
- (f) all notices given to the Noteholders pursuant to the Conditions; and
- (g) this Offering Circular and all Transaction Documents referred to in this Offering Circular.

All Transaction Documents referred to in this Offering Circular will be available on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

10. **Post-issuance Reporting**

- (a) The Issuer (as SSPE (as defined in the UK Securitisation Regulation and the EU Securitisation Regulation)) is the designated entity for the purposes of Article 7 of the UK Securitisation Regulation. The Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the UK Securitisation Regulation and Article 7 of the and the EU Securitisation Regulation (as in force on the Issue Date). The Issuer will procure that the Servicer will:

- (i) from the Issue Date:

(A)

- (1) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation; and
- (2) publish on a monthly basis, simultaneously with the investor report referred to in (1) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the UK Securitisation Regulation (the "**UK SR Investor Reports**");

- (B) publish (i) on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the UK Securitisation Regulation (as applicable)) has occurred, without delay details of any information required to be reported in

accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation and (ii) without delay details of any information required to be reported in accordance with Article 20(10) and Article 21(9) of the UK Securitisation Regulation; and

- (C) make available the documents as required by and in accordance with Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) calendar days after the Issue Date); and
- (ii) from the Issue Date:
- (A)
 - (1) publish a monthly investor report in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as in force on the Issue Date);
 - (2) publish on a monthly basis, simultaneously with the investor report referred to in (i) above, certain loan-by-loan information in relation to the Portfolio in respect of the relevant period as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as in force on the Issue Date) (and make the same available to potential investors before pricing upon request),

in each case, in the form prescribed as at such time under the EU Securitisation Regulation (the "**EU SR Investor Reports**");

- (B) publish on a monthly basis and, to the extent that an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation (as in force on the Issue Date) (as applicable)) has occurred, without delay details of any information required to be reported in accordance with Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation Regulation (as in force on the Issue Date);
- (C) make available the documents as required by and in accordance with Article 7(1)(b) of the EU Securitisation Regulation prior to the pricing date of the Notes (and in final form, if applicable, no later than fifteen (15) days after the Issue Date),

provided that (in relation to (i) and (ii) above) (i) the Servicer will only be required to do so to the extent that the disclosure requirements under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) remain in effect and (ii) the Servicer will not be in breach of such undertaking if the Servicer fails to so comply due to events, actions or circumstances beyond the Servicer's control and **provided further that** (a) the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) apply only until such time when the Seller is able to certify to the Issuer and the Trustee that a competent EU authority has confirmed that the satisfaction of the disclosure requirements under Article 7 of the UK Securitisation Regulation will also satisfy the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) due to the application of an equivalency regime or similar analogous concept and (b) to the extent that, after the Issue Date, there is any divergence between the disclosure requirements under Article 7 of the UK Securitisation Regulation and the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date), the Servicer shall only continue to comply with the disclosure requirements under Article 7 of the EU Securitisation Regulation (as in force on the Issue Date) (as if such provisions were applicable to it) on a reasonable efforts basis.

In addition, the Issuer confirms that the Seller has made available the documents required by Article (7)(1)(b) of the UK Securitisation Regulation and Article (7)(1)(b) of the EU

Securitisation Regulation (as in force on the Issue Date) prior to the pricing date of the Notes.

- (b) The UK SR Investor Reports and the documentation and information set out in paragraph 10(a)(i) above as at the Issue Date have been or, as applicable, shall be published or otherwise made available by the Servicer as required under Article 7(2) of the UK Securitisation Regulation on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=18220>, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation (the "**UK SR Repository**"), such reports and information will be made available through the UK SR Repository. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

The EU SR Investor Reports and the documentation and information set out in paragraph 10(a)(ii) above as at the Issue Date have been or, as applicable, shall be published or otherwise made available by the Servicer as required under Article 7(2) of the EU Securitisation Regulation (as in force on the Issue Date) on SecRep B.V. at www.secprep.eu, being a securitisation repository registered under Article 10 of the EU Securitisation Regulation (as in force on the Issue Date) (the "**EU SR Repository**"). Each EU SR Investor Report shall be made available no later than one month following the due date for the payment of interest. For the avoidance of doubt, this website and the contents thereof do not form part of this Offering Circular.

- (c) In addition the Servicer will prepare (on behalf of the Issuer) the monthly investor reports (each a "**Monthly Investor Report**") which shall include certain relevant performance information and shall procure that the Issuer will make each final Monthly Investor Report publicly available through Bloomberg in accordance with the Calculation Agency Agreement.
- (d) In addition to the UK SR Reports and the EU SR Investor Reports (which will be prepared by the Servicer), the Issuer will:
- (i) from the Issue Date until the earlier of redemption in full of the last outstanding Note or the Legal Final Maturity Date, provide ongoing performance data on this Transaction and other statistical information regarding the securities to be admitted to trading and the performance of the Purchased Receivables (including anonymised loan level data), being available at the UK SR Repository and the EU SR Repository (as applicable). The contents of this website are for information purposes only and do not form part of this Offering Circular; and
 - (ii) in the first UK SR Investor Report and in the first EU SR Investor Report, disclose the amount of the Notes which are either:
 - (A) privately-placed with investors which are not the Seller or entities affiliated with the Seller (the "**Seller's Group**");
 - (B) retained by a member of the Seller's Group; and
 - (C) publicly-placed with investors which are not in the Originator's Group; and

in relation to any amount initially retained by a member of the Originator's Group, but subsequently placed with investors which are not in the Originator's Group, it will (to the extent permissible) disclose such placement in the next investor report.

11. ICSDs

Euroclear Bank SA/NV
1 Boulevard du Roi Albert II
1210 Brussels
Belgium

Clearstream Banking, *société anonyme*
42 Avenue John F. Kennedy
L-1855 Luxembourg, Luxembourg

12. **Clearing Codes**

Class A Notes

ISIN: XS2495078904
Common Code: 249507890

Class B Notes

ISIN: XS2495079209
Common Code: 249507920

Class C Notes

ISIN XS2495079621
Common Code 249507962

13. **Legal Entity Identifier**

The legal entity identifier (LEI) of the Issuer is: 213800MAPH9PBACGJG35

MASTER DEFINITIONS SCHEDULE

The following is the text of the Master Definitions Schedule. The text will be attached as Appendix A to the Conditions and constitutes an integral part of the Conditions – in case of any overlap or inconsistency in the definitions of a term or expression in the Master Definitions Schedule and elsewhere in the Offering Circular, the definitions of the Master Definitions Schedule will prevail.

1. Definitions

The Transaction Parties agree that, except where expressly stated to the contrary or where the context otherwise requires, the definitions set out below shall apply to terms or expressions referred to but not otherwise defined in each Transaction Document.

"Account Bank" means HSBC Bank plc or any successor thereof or any other Person appointed as replacement Account Bank from time to time in accordance with the Bank Account Agreement.

"Additional Portfolio" means any Receivables and Related Collateral purchased (or to be purchased) by the Issuer from the Seller during the Revolving Period after the Issue Date.

"Additional Portfolio Purchase Price" means the amount, determined as at the Payment Date, as being an amount equal to the sum of the Discounted Receivables Balances of the Receivables comprised in any Additional Portfolio (as at the immediately preceding Cut-Off Date).

"Additional Portfolio Schedule" means a schedule describing details of the Additional Portfolio, which contains the information set out in the Annex to schedule 2 (*Form of Transfer Notice*) to the Receivables Purchase Agreement.

"Administrator" means Bank of England.

"Administrator Incentive Recovery Fee" means the fee (inclusive of VAT) payable to the Insolvency Official of the Seller following an Insolvency Event of the Seller in relation to the sale of the relevant Financed Vehicles in an amount equal to (i) the reasonable costs and expenses of such insolvency official (including any Irrecoverable VAT in respect thereof) incurred in relation to the sale of such Financed Vehicles plus (ii) 1% of the relevant vehicle realisation proceeds or such other percentage of the relevant vehicle realisation proceeds as may be agreed by the Servicer with the Insolvency Official of the Seller pursuant to the Servicing Agreement.

"Affiliate" means, in relation to any Person, any entity controlled, directly or indirectly by the Person, any entity that controls, directly or indirectly the Person or any entity directly or indirectly under common control with such Person (for this purpose, **"control"** of any entity of Person means ownership of a majority of the voting power of the entity or Person).

"Agency Agreement" means the agreement so named dated on or about the Issue Date between the Issuer and the Trustee, the Principal Paying Agent, the Registrar and the Interest Determination Agent.

"Agents" means the Interest Determination Agent, the Paying Agents, the Calculation Agent and the Registrar and **"Agent"** means any one of them.

"Aggregate Defaulted Receivables Balance" means the sum of the Discounted Receivables Balances for all Defaulted Receivables.

"Aggregate Discounted Receivables Balance" means the sum of the Discounted Receivables Balances for all Purchased Receivables.

"Aggregate Outstanding Note Balance" means, on any date, the aggregate amount of the Class A Outstanding Note Balance, the Class B Outstanding Note Balance and the Class C Outstanding Note Balance, in each case, on such date.

"Aggregate PCP Handback Receivables Balance" means the sum of the Discounted Receivables Balances for all PCP Handback Receivables.

"Aggregate PCP/VT Receivables Balance" means, as the relevant PCP/VT Indemnification Date, the sum of (a) the Aggregate PCP Handback Receivables Balance arising in such PCP/VT

Calculation Period and (b) the Aggregate VT Receivables Balance arising in such PCP/VT Calculation Period.

"Aggregate VT Receivables Balance" means the sum of the Discounted Receivables Balances for all Voluntarily Terminated Receivables.

"Ancillary Rights" means, in relation to a Right, all ancillary rights, accretions and supplements to such Right, including any guarantees or indemnities in respect of such Benefit.

"Annual Percentage Rate" or **"APR"** means, with respect to a Receivable, the annual rate of finance charges stated in the relevant Underlying Agreement.

"Appointee" means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed or employed by the Trustee under the Trust Deed or the Deed of Charge (as applicable) to discharge any of its functions.

"Arranger" means BMW Financial Services (GB) Limited.

"Articles of Incorporation" means the articles of incorporation of Bavarian Sky UK 5 plc.

"Auditors" means PricewaterhouseCoopers, 7 More London Riverside, London, SE1 2RT.

"Authorised Signatory" means, in relation to any Transaction Party, any person who is duly authorised and in respect of whom a certificate has been provided signed by a director or another duly authorised person of such Transaction Party setting out the name and signature of such person and confirming such person's authority to act.

"Available Distribution Amount" means, with respect to any Cut-Off Date and the Monthly Period ending on such Cut-Off Date, the lower of (x) the funds available in the Issuer Accounts (as applicable) on the Payment Date immediately following such Cut-Off Date **provided that**, except to the extent set out under item (g) below, any balance credited to the Counterparty Downgrade Collateral Account will not form part of the Available Distribution Amount and (y) such amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Account Bank, the Corporate Services Provider, the Trustee, the Calculation Agent and the Paying Agent no later than on the Reporting Date preceding the Payment Date immediately following such Cut-Off Date, as the sum of:

- (a) the amount standing to the credit of the Cash Reserve Account as of such Cut-Off Date;
- (b) any Collections received by the Servicer during the Monthly Period ending on such Cut-Off Date;
- (c) any Non-Compliant Receivables Repurchase Price, CCA Compensation Payment, Receivables Indemnity Amount or PCP/VT Indemnification Amount received by the Issuer from the Seller during the Monthly Period ending on such Cut-Off Date;
- (d) any Swap Net Cashflow payable by the Swap Counterparty to the Issuer on the Payment Date immediately following such Cut-Off Date;
- (e) interest earned (if any) on the amounts credited to the Operating Account, the Cash Reserve Account, the Replenishment Account, the Retained Profit Account and the Set-Off Reserve Account during the relevant Monthly Period;
- (f) upon the occurrence of a Set-Off Trigger Event and while such Set-Off Trigger Event is continuing, any amount withdrawn by the Issuer from the Set-Off Reserve Account, as is equal to the relevant Service Pack Set-Off Amount;
- (g) any balance credited to the Counterparty Downgrade Collateral Account, however, only to the extent that the balance comprises: (a) the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account which are applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement; and (b) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination

payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement;

- (h) any VAT Adjustment Amount determined by the Servicer in respect of the immediately preceding Monthly Period;
- (i) (without double-counting) any sum standing to the credit of the Replenishment Account;
- (j) upon the occurrence of a Servicer Termination Event and while such Servicer Termination Event is continuing, any sum standing to the credit of the Commingling Reserve Account, as is equal to any Servicer Shortfall caused on the part of BMW Financial Services (GB) Ltd. as Servicer; and
- (k) any other amounts (other than covered by items (a) through (j) above (if any)) paid to the Issuer by any other party to any Transaction Document (or transferred to the Operating Account from any of the other Issuer Accounts and that is expressed to be applied as Available Distribution Amount) up to (and including) the Payment Date immediately following such Cut-Off Date, unless otherwise specified, which according to such Transaction Document is to be allocated to the Available Distribution Amount.

"Available Post-Enforcement Funds" means, from time to time, all moneys standing to the credit of the Issuer Accounts, including, without limitation, any enforcement proceeds in respect of the Security credited to the Issuer Accounts and/or to any account of the Trustee or Receiver appointed by the Trustee upon the service of an Enforcement Notice by the Trustee on the Issuer (but excluding, for the avoidance of doubt, any Set-Off Reserve Excess Amount) **provided that**, in relation to the Counterparty Downgrade Collateral Account, Available Post-Enforcement Funds shall include (i) any balance credited to the Counterparty Downgrade Collateral Account to the extent that such balance comprises (a) the proceeds from any swap collateral posted on the Counterparty Downgrade Collateral Account which have been applied pursuant to the terms of the Swap Agreement to reduce the amount that would otherwise be payable by the Swap Counterparty upon early termination of the Swap Agreement; and (b) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount exceeds the amount required to be applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty upon termination of the Swap Agreement, but (ii) shall exclude, for the avoidance of doubt, any amount credited to the Counterparty Downgrade Collateral Account which will be returned directly to the Swap Counterparty, including, without limitation, any accrued interest and any Replacement Swap Premium (only to the extent that it is applied directly to pay a termination payment due and payable by the Issuer to the Swap Counterparty).

"Back-Up Servicer Facilitator" means Wilmington Trust SP Services (London) Limited.

"BACS" means the operator for the time being of the system for the manual or automated debiting of bank accounts by direct debit, being at the Issue Date, Bankers Automated Clearing Services Limited.

"Bank Account Agreement" means a bank account agreement between, inter alios, the Issuer, the Account Bank and the Trustee relating to the Issuer Accounts and any additional account in the name of the Issuer with the Account Bank and dated on or about Issue Date.

"Banking Day" means, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

"Basic Terms Modification" means each of:

- (a) the modification of the date of maturity of Notes;
- (b) the modification of the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes (other than any Base Rate Modification (as defined in Condition 13.6(j)));
- (c) the modification of the amount of principal or the Interest Rate payable in respect of the Notes, or, where applicable, of the method of calculating the amount payable of any

principal or interest in respect of the Notes (including, in relation to any Class of Notes, if any such modification is proposed for any Class of Notes ranking senior to such Class of Notes in the Priority of Payments) (other than any Base Rate Modification (as defined in Condition 13.6(j)));

- (d) the alteration of the currency in which payments under the Notes is to be made;
- (e) the alteration of the quorum or majority required in relation to the Basic Terms Modification;
- (f) any scheme or proposal for the sale, conversion or cancellation of the Notes;
- (g) any change to the provisions of a Basic Terms Modification; or
- (h) any change to the definition of a Basic Terms Modification.

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

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

"Block Voting Instruction" means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes (not being Notes (as applicable) 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;
- (b) the conclusion of the meeting specified in such Block Voting Instruction; and
- (c) 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 of the necessary amendment to the Block Voting Instruction;
- (d) 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 period commencing 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;

- (e) the aggregate principal amount or aggregate total 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
- (f) 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 paragraph (e) above as set out in such Block Voting Instruction, **provided that** no such person shall be named as a proxy;
- (g) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
- (h) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

"**BMW AG**" means Bayerische Motoren Werke Aktiengesellschaft.

"**BMW Group**" means BMW AG together with its consolidated subsidiaries.

"**Book-Entry Interest**" means a beneficial interest in a Global Note recorded by Euroclear or Clearstream, Luxembourg, as the case may be.

"**Breach of Duty**" means in relation to any person (other than the Trustee, the Agents or the Account Bank), a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person.

"**Business Day**" means any day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London, Munich and Frankfurt am Main.

"**Calculation Amount**" means £1,000.

"**Calculation Agency Agreement**" means the calculation agency agreement between, *inter alios*, the Issuer, the Calculation Agent and the Trustee dated on the Issue Date.

"**Calculation Agent**" means HSBC Bank plc (registered number 00014259), any successor thereof or any other Person appointed as replacement calculation agent from time to time in accordance with the Calculation Agency Agreement.

"**Calculation Check**" has the meaning as defined in clause 5.1 (General duties in relation to the Monthly Investor Reports) of the Calculation Agency Agreement.

"**Calculation Check Notice**" means the written notice issued by the Calculation Agent to the Issuer and the Servicer after conducting the Calculation Check.

"**Cash Reserve Account**" means the account held with the Account Bank in the name of the Issuer and in which the Required Cash Reserve Amount shall be held for the purposes of the Transaction.

"**CCA**" or "**Consumer Credit Act**" means the Consumer Credit Act 1974, as amended.

"**CCA Compensation Amount**" means the amount, calculated by the Servicer in accordance with the Servicing Agreement to compensate the Issuer for any loss caused as a result of a breach of the Receivables Warranties arising as a result of any Purchased Receivables, Related Collateral or Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA.

"**CCA Compensation Payment**" means the payment made by the Seller to the Issuer to compensate the Issuer for any loss caused as a result of any Purchased Receivable or the Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA as an amount equal to the CCA Compensation Amount.

"**Charged Accounts**" means the Issuer Accounts and any bank or other account in which the Issuer may at any time acquire a Benefit and over which the Issuer has created an Encumbrance in favour of the Trustee pursuant to the Deed of Charge.

"**Charged Assets**" means the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to clause 5 (*Creation of Fixed Security*) of the Deed of Charge and the floating charge created under clause 6 (*Creation of Floating Charge*) of the Deed of Charge, and references to the Charged Assets shall include references to any part thereof.

"**CIGA**" means the Corporate Insolvency and Governance Act 2020.

"**Class**" means any of the Class A Notes, the Class B Notes and the Class C Notes.

"**Class A Definitive Notes**" means any Class A Notes issued in definitive registered form in, or substantially in, the form set out in schedule 2 (*Form of Definitive Notes*) to the Trust Deed.

"**Class A Global Note**" means any fully registered Global Note representing any Class A Notes in, or substantially in, the form set out in schedule 1 (*Form of Global Notes*) to the Trust Deed.

"**Class A Noteholder**" means a registered holder of the Class A Notes and "**Class A Noteholders**" means all registered holders of the Class A Notes collectively.

"**Class A Notes**" means the £400,000,000 Class A asset backed floating rate notes due April 2031 issued or due to be issued by the Issuer on the Issue Date.

"**Class A Outstanding Note Balance**" means, on any date, the sum of the Outstanding Note Balances of all Class A Notes on such date and if such date is a Payment Date, taking in account the principal redemption on such Payment Date.

"**Class B Definitive Notes**" means any Class B Notes issued in definitive registered form in, or substantially in, the form set out in schedule 2 (*Form of Definitive Notes*) to the Trust Deed.

"**Class B Global Note**" means any fully registered Global Note representing any Class B Notes in, or substantially in, the form set out in schedule 1 (*Form of Global Notes*) to the Trust Deed.

"**Class B Noteholder**" means a registered holder of the Class B Notes and "**Class B Noteholders**" means all registered holders of the Class B Notes collectively.

"**Class B Notes**" means the £78,000,000 Class B asset backed fixed rate notes due April 2031 issued or due to be issued by the Issuer on the Issue Date.

"**Class B Outstanding Note Balance**" means, on any date, the sum of the Outstanding Note Balances of all Class B Notes on such date and if such date is a Payment Date, taking in account the principal redemption on such Payment Date.

"**Class C Definitive Notes**" means any Class C Notes issued in definitive registered form in, or substantially in, the form set out in schedule 2 (*Form of Definitive Notes*) to the Trust Deed.

"**Class C Global Note**" means any fully registered Global Note representing any Class C Notes in, or substantially in, the form set out in schedule 1 (*Form of Global Notes*) to the Trust Deed.

"**Class C Noteholder**" means a registered holder of the Class C Notes and "**Class C Noteholders**" means all registered holders of the Class C Notes collectively.

"**Class C Notes**" means the £71,400,000 Class C asset backed fixed rate notes due April 2031 issued or due to be issued by the Issuer on the Issue Date.

"Class C Outstanding Note Balance" means, on any date, the sum of the Outstanding Note Balances of all Class C Notes on such date and if such date is a Payment Date, taking in account the principal redemption on such Payment Date.

"Class Outstanding Note Balance" means either of the Class A Outstanding Note Balance or the Class B Outstanding Note Balance or the Class C Outstanding Note Balance, as applicable.

"Clean-Up Call Conditions" means:

- (a) the proceeds distributable as a result of the repurchase of all outstanding Purchased Receivables (together with any Related Collateral) (after the Seller has rightfully exercised the Clean-Up Call Option) shall, together with funds credited to the Cash Reserve Account, be at least equal to the sum of (x) the Aggregate Outstanding Note Balance and the aggregate outstanding principal amount of the Subordinated Loan plus (y) accrued but unpaid interest thereon plus (z) all claims of any creditors of the Issuer ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments;
- (b) the Seller shall have notified the Issuer and the Trustee of its intention to exercise the Clean-Up Call Option at least ten (10) calendar days prior to the contemplated settlement date of the Clean-Up Call Option which shall be a Payment Date; and
- (c) the repurchase price to be paid by the Seller shall be an amount equal to the higher of: (i) the Aggregate Discounted Receivables Balance of the Purchased Receivables and (ii) the Aggregate Outstanding Note Balance of the Notes and the aggregate outstanding principal amount of the Subordinated Loan plus (x) accrued but unpaid interest thereon plus (y) all claims of any creditors of the Issuer in respect of the Issuer ranking prior to the claims of the Noteholders according to the Pre-Enforcement Priority of Payments.

"Clean-Up Call Option" means the Seller's right to exercise a clean-up call more specifically described in Condition 8.3 (*Clean-Up Call*) of the Conditions.

"Clean-Up Call Settlement Date" means, **provided that** the Clean-Up Call Conditions are satisfied and the Seller exercises the Clean-Up Call Option at least ten (10) calendar days prior to the next following Payment Date, such next following Payment Date.

"Clearing Systems" means Euroclear Bank SA / NV and Clearstream Banking, S.A. and includes in respect of any Note any clearing system on behalf of which such Note is held or which is the holder (directly or through a nominee) or registered owner of a Note, in either case whether alone or jointly with any other Clearing System(s).

"Clearstream, Luxembourg" means the Clearstream clearance system for internationally traded securities operated by Clearstream Banking, S.A. at 42 Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg and any successor thereto.

"Collection Account A" means the collection account in the name of BMW AG with sort code 40-41-70 and account number 10001996 and held with the Collection Account Bank.

"Collection Account A Declaration of Trust" means the collection account declaration of trust, whereby the Seller declares a trust over all amounts standing to the credit of the Collection Account A, dated on or about 11 February 2021 and as amended, restated and supplemented from time to time.

"Collection Account A Supplemental Declaration of Trust" means the collection account supplemental declaration of trust dated on or about the Issue Date supplemental to the Collection Account A Declaration of Trust dated on or about the Issue Date.

"Collection Account B" means the collection account in the name of the Seller with sort code 40-41-70 and account number 60001953 and held with the Collection Account Bank.

"Collection Account Bank" means HSBC Bank plc, 62-76 Park Street, London SE1 9DZ or any other Person appointed as replacement Collection Account Bank from time to time.

"Collection Account B Declaration of Trust" means the collection account declaration of trust, whereby the Seller declares a trust over all amounts standing to the credit of the Collection Account

B, dated on or about 11 February 2021 and as amended, restated and supplemented from time to time.

"Collection Account B Supplemental Declaration of Trust" means the collection account supplemental declaration of trust dated on or about the Issue Date supplemental to the Collection Account B Declaration of Trust dated on or about the Issue Date.

"Collection Account Beneficiary" means a further beneficiary that has acceded to the terms of a Collection Account Declaration of Trust where they have acquired a portfolio of loans from the Seller.

"Collection Account Beneficiary Share" means each Collection Account Beneficiary's share of the relevant Collection Account Declaration of Trust which shall be an amount equal to amounts from time to time standing to the credit of a Collection Account to the extent that such amounts represent payments into such Collection Account derived from or resulting from the receivables purchased by such Collection Account Beneficiary (but excluding any interest arising in respect of amounts standing to the credit of such Collection Account).

"Collection Account C" means the collection account in the name of ALPHERA Financial Services with sort code 40-41-70 and account number 60001961 and held with the Collection Account Bank.

"Collection Account C Declaration of Trust" means the collection account declaration of trust, whereby the Seller declares a trust over all amounts standing to the credit of the Collection Account C, dated on or about 11 February 2021 and as amended, restated and supplemented from time to time.

"Collection Account C Supplemental Declaration of Trust" means the collection account supplemental declaration of trust dated on or about the Issue Date supplemental to the Collection Account C Declaration of Trust dated on or about the Issue Date.

"Collection Accounts" means Collection Account A, Collection Account B and Collection Account C and **"Collection Account"** shall be construed accordingly.

"Collection Accounts Declarations of Trust" means the Collection Account A Declaration of Trust, the Collection Account B Declaration of Trust and the Collection Account C Declaration of Trust and **"Collection Account Declaration of Trust"** shall be construed accordingly.

"Collection Account Trust Property" means all amounts standing to the credit of each Collection Account that the Seller has agreed to declare a trust over and hold on trust pursuant to the relevant Collection Account Declaration of Trust.

"Collections" means, with respect to any Purchased Receivables and Related Collateral during the relevant period, any amounts, proceeds, interest, late payment or similar charges and any other cash or financial benefits received on or in connection with such Purchased Receivables and Related Collateral including, without limitation:

- (a) all collections of the Instalments that have been paid by the Customers;
- (b) all full or partial settlement amounts paid by the Customers;
- (c) all proceeds of any Related Collateral, including, without limitation, any amounts received by the Seller from any Dealer in respect of an Underlying Agreement, insurance providers or other third parties and all Vehicle Sales Proceeds received on a sale of the Financed Vehicles; and
- (d) any proceeds from the sale of Defaulted Receivables (together with the Related Collateral) received by the Servicer on behalf of the Issuer from any third party and any amounts after realisation of the Related Collateral to which the Issuer is entitled under the relevant Underlying Agreements (for the avoidance of doubt, including Recoveries).

"Co-Managers" means (i) Lloyds Bank Corporate Markets and (ii) RBC Europe Limited and **"Co-Manager"** means any of them.

"**Commingling Reserve**" means the reserve of the Issuer of that name (which shall be credited to the Commingling Reserve Account).

"**Commingling Reserve Account**" means the account to be opened with the Account Bank in the name of the Issuer and in which any Commingling Reserve Required Amount shall be held.

"**Commingling Reserve Excess Amount**" means, as of any Cut-Off Date, the amount by which the amount credited to the Commingling Reserve Account exceeds the Commingling Reserve Required Amount.

"**Commingling Reserve Reduction Amount**" means, on any Payment Date which occurs on or following (i) the occurrence of a Commingling Reserve Trigger Event and while such Commingling Reserve Trigger Event is continuing; and (ii) the date on which the Servicer has elected to fund the Commingling Reserve Account in accordance with clause 15.5(b)(ii) or 15.5(c) of the Servicing Agreement, the product of

- (a) the Aggregate Discounted Receivables Balance as of the Cut-Off Date immediately preceding the relevant Payment Date; and
- (b) the amount, if positive, equal to (i) minus (ii) where:
 - (i) is the result of (A) Aggregate Discounted Receivables Balance as of the Cut-Off Date immediately preceding the relevant Payment Date minus the Class A Outstanding Note Balance on such Payment Date minus the Class B Outstanding Note Balance on such Payment Date plus the cash reserve amount standing to the credit of the Cash Reserve Account on such Payment Date, divided by (B) the Aggregate Discounted Receivables Balance as of the Cut-Off Date immediately preceding the relevant Payment Date; and
 - (ii) is 14.3%.

provided that if (i) is equal to or less than (ii), the Commingling Reserve Reduction Amount shall be zero.

"**Commingling Reserve Required Amount**" means if:

- (a) no Commingling Reserve Trigger Event has occurred and is continuing or if and for as long as the Servicer has selected the option set out in clause 15.5(b)(i) of the Servicing Agreement, zero; or
- (b) a Commingling Reserve Trigger Event has occurred and while such Commingling Reserve Trigger Event is continuing and if and so long as the Servicer has elected to fund the Commingling Reserve Account in accordance with clause 15.5(b)(ii) or 15.5(c) of the Servicing Agreement, an amount equal to the sum of (a) the Collections expected to be received (as calculated by the Servicer and for the avoidance of doubt based on the scheduled Instalments under the relevant Underlying Agreements) during the Monthly Period to which the relevant Payment Date relates and the immediately following Monthly Period (b) the product of the Aggregate Discounted Receivables Balance on the Cut-Off Date immediately preceding the relevant Payment Date multiplied by 3.3%, reduced by the Commingling Reserve Reduction Amount **provided that** such amount shall at all times be a positive amount or otherwise zero, and **provided further that**, after the occurrence of a Servicer Termination Event, such amount shall equal zero on the date on which the Issuer has determined that no Servicer Shortfall exists and no further Servicer Shortfalls are expected.

"**Commingling Reserve Trigger Event**" means, at any time that BMW Financial Services (GB) Limited remains the Servicer that:

- (a) Fitch deems the credit worthiness of BMW AG (i) in respect of the short-term unsecured, unguaranteed and unsubordinated debt obligations, to be lower than F2 (or its replacement) and (ii) in respect of the long-term unsecured, unguaranteed and unsubordinated debt obligations, to be lower than BBB (or its replacement); or

- (b) (i) the short-term unsecured, unguaranteed and unsubordinated debt obligations of BMW AG are rated lower than P-2 (or its replacement) and (ii) the long-term unsecured, unguaranteed and unsubordinated debt obligations of BMW AG are rated lower than Baa1 (or its replacement) by Moody's; or
- (c) BMW AG ceases to own, directly or indirectly, at least 90% of the share capital of the Seller,

provided that a Commingling Reserve Trigger Event shall cease if (A) all Customers have redirected their payments directly to the Operating Account or (B) a substitute Servicer has been appointed.

"Common Safekeeper" means an ICSD in its capacity as common safekeeper or a person nominated by the ICSDs to perform the role of common safekeeper.

"Common Service Provider" means HSBC Bank plc.

"Common Terms" means the provisions set out in schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum.

"Companies Act" has the meaning given to it in Section 2 of the Companies Act 2006.

"Compounded Daily SONIA" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Interest Determination Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 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;

"do" is the number of Banking Days in the relevant Interest Period;

"i" is a series of whole numbers from one to do, each representing the relevant Banking Day in chronological order from, and including, the first Banking Day in the relevant Interest Period;

"ni", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following Banking Day;

"SONIA_{i-5LBD}" means, in respect of any Banking Day falling in the relevant Interest Period, the Reference Rate for the Banking Day falling five (5) Banking Days prior to the relevant Banking Day "i".

"Conditions" means the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in schedule 3 (*Terms and Conditions of the Notes*) to the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly.

"Conditions Precedent" means the conditions precedent set out in schedule 1 (*Conditions Precedent relating to the Purchased Receivables*) to the Receivables Purchase Agreement.

"Corporate Services Agreement" means a corporate services agreement entered into by the Issuer and the Corporate Services Provider on or about the Issue Date (as amended, supplemented or otherwise modified) under which the Corporate Services Provider is responsible for the day to day administrative activities of the Issuer, including providing secretarial, clerical, administrative and related services to the Issuer and maintaining the books and records of the Issuer in accordance with applicable laws and regulations of England and Wales.

"Corporate Services Provider" means Wilmington Trust SP Services (London) Limited, any successor thereof or any other Person appointed as replacement corporate services provider from time to time in accordance with the Corporate Services Agreement.

"Counterparty Downgrade Collateral Account" means the counterparty downgrade collateral account or any other account replacing such account to be opened with the Account Bank in the name of the Issuer for the posting of collateral by the Swap Counterparty under the Swap Agreement and receiving any Replacement Swap Premium.

"Covenant to Pay" means the covenants of the Issuer in respect of the Notes contained in clause 6 (*Covenant to Repay Principal*) and clause 6 (*Covenant to Pay Interest*) of the Trust Deed and, in respect of the Secured Obligations, contained in clause 3 (*Issuer's Undertaking to Pay*) of the Deed of Charge.

"Credit and Collection Policy" means the working instructions created by the Servicer to standardise its credit and collection management as consistently applied by the Servicer from time to time and as modified from time to time in accordance with the Servicing Agreement.

"CSSF" means the Commission de Surveillance du Secteur Financier of Luxembourg.

"CTA" means the Corporation Tax Act 2009.

"Cumulative Net Loss Ratio" means, for any Payment Date, a ratio which shall be calculated as (a) the sum of (i) the Aggregate Defaulted Receivables Balance and (ii) the Non-Defaulted Receivable Losses, in each case as at the immediately preceding Cut-Off Date, minus (iii) an amount equal to all Recoveries as at the immediately preceding Cut-Off Date divided by (b) the sum of the Aggregate Discounted Receivables Balance of the Receivables comprised in (i) the Initial Portfolio (ii) any Additional Portfolio purchased prior to such Payment Date and (iii) any Additional Portfolio to be purchased on such Payment Date, in each case calculated as of the Cut-Off Date immediately preceding the Payment Date on which the Initial Portfolio or, as the case may be, Additional Portfolio have been or, respectively, will be, purchased.

"Customer" means a customer of the Seller who has entered into one or more Related Underlying Agreements with the Seller.

"Cut-Off Date" means the last calendar day of each calendar month, and the Cut-Off Date with respect to each Payment Date is the Cut-Off Date immediately preceding such Payment Date, **provided that** the Cut-Off Date immediately preceding the Issue Date is 31 March 2023.

"Data Protection Legislation" means the UK GDPR, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the Data Protection Act 2018 and all other applicable data protection and data privacy laws and regulations including where applicable the guidance and codes of practice issued by the Information Commissioner, and other applicable legislation in the jurisdiction in which the Services are being provided.

"Data Trust Agreement" means a data trust agreement between, among others, the Seller, the Data Trustee, the Trustee and the Issuer dated on or about the Issue Date.

"Data Trustee" means HSBC Bank plc or any successor thereof or any other Person appointed as replacement data trustee from time to time in accordance with the Data Trust Agreement.

"Dealer" means any person from whom the Seller purchases a Financed Vehicle to form the subject matter of an Underlying Agreement.

"Deed of Charge" means the deed of charge entered into on or about the Issue Date between, amongst others, the Issuer, the Seller, the Servicer, the Back-Up Servicer Facilitator, the Account Bank, the Interest Determination Agent, the Registrar, the Principal Paying Agent, the Calculation Agent, the Subordinated Lender, the Corporate Services Provider and the Trustee.

"Defaulted Receivable" means, as of any date, any Purchased Receivable (other than a Voluntarily Terminated Receivable or PCP Handback Receivable) which (i) has been sold to a debt collection agency, (ii) is terminated in accordance with the Credit and Collection Policy or (iii) has been written off in the system of the Seller.

"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 Purchase Agreement in accordance with the relevant Priority of Payments in an amount equal to (prior to the service of an Enforcement Notice) Available Distribution Amount to be applied on each Payment Date less all amounts due in respect of items *first* to *seventeenth* of the Pre-Enforcement Priority of Payments and (following service of an Enforcement Notice) all amounts available to the Issuer to be applied in accordance with the Post-Enforcement Priority of Payments less all amounts due in respect of items *first* to *sixteenth* of the Post-Enforcement Priority of Payments.

"Definitive Notes" means any Class of Notes issued in a definitive registered form in, or substantially in, the form set out in schedule 2 (*Form of Definitive Notes*) to the Trust Deed.

"Delinquency Percentage" means, as of any Cut-Off Date, the quotient, expressed as a percentage, of:

(a) the sum of the Discounted Receivables Balances for all Delinquent Receivables;

divided by,

(b) the Aggregate Discounted Receivables Balance.

"Delinquent Receivable" means, as of any Cut-Off Date the Discounted Receivable Balance pertaining to a Purchased Receivable which is overdue by more than thirty (30) calendar days.

"Direct Debit" means a written instruction of a Customer authorising its bank to honour a request of the Seller to debit a sum of money on specified dates from the account of the Customer for deposit into an account of the Seller.

"Direct Debiting Arrangements" means the procedures adopted in accordance with the rules of the Association for Payment Clearing Services.

"Discount Rate" means, in respect of any Purchased Receivable, the higher of: (a) 6.00 per cent; and (b) the APR in respect of such Purchased Receivable.

"Discounted Receivables Balance" means, in respect of each Purchased Receivable, its scheduled cashflow, discounted on the relevant date at the Discount Rate.

"Dispute" means a dispute arising out of or in connection with any Transaction Document (including a dispute regarding the existence, validity or termination of any Transaction Document or any non-contractual obligation arising out of or in connection with such Transaction Document).

"Early Amortisation Event" means the occurrence of any of the following events during the Revolving Period:

(a) as at any Cut-Off Date, the Cumulative Net Loss Ratio exceeds 2.50% for any Payment Date;

(b) as at any Payment Date, the 3 Month Rolling Average Delinquency Percentage exceeds 1.50%;

(c) if after application of the Available Distribution Amount in accordance with the Pre-Enforcement Priority of Payments, the Excess Collection Amount paid to the Replenishment Account under item *eleventh* of the Pre-Enforcement Priority of Payments on any Payment Date (when aggregated with any Additional Portfolio Purchase Price paid on such Payment Date) would be lower than the Replenishment Available Amount;

(d) on two consecutive Cut-Off Dates, the amount standing to the credit of the Replenishment Account exceeds 10% of the Aggregate Discounted Receivables Balance as of the Cut-Off Date immediately preceding the Issue Date;

(e) the occurrence of an Issuer Event of Default;

(f) the occurrence of a Servicer Termination Event; or

(g) an Insolvency Event has occurred with respect to the Servicer or the Seller.

"EEA" means the European Economic Area.

"**Electronic Consent**" means consent given by way of Electronic Consent communicated through the electronic communications system of the relevant Clearing System(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant Clearing System(s).

"**Eligibility Criteria**" means the eligibility criteria set out in Part 4 (*Eligibility Criteria*) of schedule 3 (*Seller Representations and Warranties*) to the Incorporated Terms Memorandum and being relevant as of the Cut-Off Date immediately preceding the Issue Date (in respect of the Initial Portfolio) or the relevant Payment Date (in respect of any Additional Portfolio).

"**Eligible Counterparty**" means any entity with:

(a)

- (i) a short-term, deposit rating of at least F1 (or its replacement) by Fitch (or, if it does not have a short-term deposit rating assigned by Fitch, a short-term credit rating of at least F1 (or its replacement) by Fitch) or a long-term deposit rating of at least A (or its replacement) by Fitch (or, if it does not have a long-term deposit rating assigned by Fitch, a long-term unsecured, unsubordinated and unguaranteed debt obligations rating at least A (or its replacement) by Fitch); and
- (ii) a short-term deposit rating (or, if it does not have a short-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated short-term debt obligations rating) of at least P-1 (or its replacement) by Moody's or a long-term deposit rating (or, if it does not have a long-term deposit rating assigned by Moody's, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating) of at least A2 (or its replacement) from Moody's; or

(b) another rating **provided that** such entity will have taken measures that would lead to the then current rating of the Rated Notes not being downgraded or withdrawn.

"**Eligible Person**" 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) in relation to the Initial Portfolio, any Receivable which satisfies the Eligibility Criteria as of the Cut-Off Date immediately preceding the Issue Date or (b) in relation to any Additional Portfolio, any Receivable that satisfies the Eligibility Criteria as of the Cut-Off Date immediately preceding the relevant Payment Date.

"**Eligible Swap Counterparty**" means any entity which has, or which is irrevocably and unconditionally guaranteed by an entity which has:

(a)

- (i) (A) a short-term issuer default rating of at least F1 (or its replacement) by Fitch or a derivative counterparty rating (or, if it does not have a derivative counterparty rating, a long-term issuer default rating) of at least A (or its replacement) by Fitch; or (B) a short-term issuer default rating of at least F3 (or its replacement) by Fitch or a derivative counterparty rating (or, if it does not have a derivative counterparty rating, a long-term issuer default rating) of at least BBB- (or its replacement) by Fitch **provided that** collateral will be posted by such entity in accordance with the respective requirements under the Swap Agreement, where there are no doubts as to the enforceability of the "**flip clause**" (of the kind described in the Fitch criteria) against such entity; or (C), a short-term issuer default rating of at least F2 (or its replacement) by Fitch or a derivative counterparty rating (or, if it does not have a derivative counterparty rating, a long-term issuer default rating) of at

least BBB+ (or its replacement) by Fitch **provided that** collateral will be posted by such entity in accordance with the respective requirements under the Swap Agreement, where there are doubts as to the enforceability of the "**flip clause**" (of the kind described in the Fitch criteria) against such entity; and

- (ii) a counterparty risk assessment (or, if it does not have a counterparty risk assessment from Moody's, a long-term unsecured, unguaranteed and unsubordinated debt obligations rating) from Moody's of at least Baa3 (or its replacement); or
- (b) another rating **provided that** such entity will have taken measures that would lead to the then current rating of the Rated Notes not being downgraded or withdrawn.

The above rating requirements apply on the basis that the Class A Notes are at all times rated AAA(sf) by Fitch and Aaa(sf) by Moody's. If the rating of the Class A Notes at any time is below this (other than as a consequence of the Swap Counterparty's failure to comply with its obligations under the Swap Agreement) then lower rating requirements may apply in accordance with the terms of the Swap Agreement and the above shall be interpreted accordingly.

"Encumbrance" means:

- (a) a mortgage, charge, pledge, lien, trust or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

"Enforcement Notice" means a notice delivered as soon as reasonably practicable by the Trustee on the Issuer, each of the other Secured Parties and the Rating Agencies upon the occurrence of an Issuer Event of Default stating that the Trustee commences with the enforcement of the Security pursuant to the procedures set out in the Deed of Charge.

"English Receivables" means those Receivables contained in the Portfolio governed by or otherwise subject to English law.

"EU Benchmark Regulation" means Regulation (EU) No 2016/1011.

"EU CRA Regulation" means Regulation (EU) No. 1060/2009 (as amended).

"EU EMIR" means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019.

"EU MiFID II" means Directive 2014/65/EU (as amended).

"EU PRIIPs Regulation" means Regulation (EU) No 1286/2014 (as amended).

"EU Prospectus Regulation" means Regulation (EU) 2017/1129.

"EU Risk Retention Requirements" means the requirements provided for in Article 6(1) of the EU Securitisation Regulation (as in force on the Issue Date).

"EU Securitisation Regulation" means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as amended.

"EU SR Investor Report" means the monthly investor report published by the Servicer in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the EU

Securitisation Regulation (as in force on the Issue Date) and certain loan-by-loan information in relation to the Portfolio as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation (as in force on the Issue Date).

"**EU SR Repository**" means SecRep B.V., being a securitisation repository registered under Article 10 of the EU Securitisation Regulation (as in force on the Issue Date).

"**EU Treaties**" means the Treaty on the Functioning of the European Union (signed in Rome on 25 March 1957) and the Treaty on European Union (signed in Maastricht on 7 February 1992), as amended from time to time, including by the Treaty of Amsterdam (signed in Amsterdam on 2 November 1997), by the Treaty of Nice (signed in Nice on 26 February 2001) and by the Lisbon Treaty (signed in Lisbon on 13 December 2007).

"**EUR**" or "**Euro**" means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the EU Treaties.

"**Euroclear**" means the Euroclear system operated by Euroclear Bank SA/NV at 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and any successor thereto.

"**Eurosystem Eligible Collateral**" means eligible collateral for Euro-zone monetary policy and intra-day credit operations by the Euro-zone.

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

"**EUWA**" means the European Union (Withdrawal) Act 2018.

"**Excess Collection Amount**" means, on any Payment Date during the Revolving Period, the cash amount, as calculated on the immediately preceding Cut-Off Date, by which the lower of: (a) the Replenishment Available Amount; and (b) the Available Distribution Amount remaining after the payment of items *first* to *tenth* of the Pre-Enforcement Priority of Payments, exceeds any Additional Portfolio Purchase Price to be disbursed by the Issuer on such Payment Date.

"**Excess Spread**" means, with respect to any Payment Date, the amount equal to the difference between the interest portion forming part of the Instalments payable during the Monthly Period immediately preceding a Payment Date and the sum of the amounts required to be paid under items *first* to *ninth* of the Pre-Enforcement Priority of Payments and *first* to *tenth* of the Post-Enforcement Priority of Payments, respectively, on such Payment Date and providing the first loss protection to the Notes.

"**Exchange Date**" means the first day following the expiry of forty (40) calendar days after the Issue Date.

"**Exchange Event**" means either of:

- (a) in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of fourteen (14) calendar days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business; or
- (b) as a result of any amendment to, or change in (A) the laws or regulations of the United Kingdom (or any political sub-division thereof) or any authority therein or thereof having power to tax or (B) the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal 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 if the Notes were in definitive form.

"**Excluded VAT Receivables Amount**" means the amount (if any) by which the amount of VAT for which the Seller is required to account to HM Revenue & Customs in respect of any disposal of Financed Vehicles exceeds the reduction in the amount of VAT for which the Seller is required to account to HM Revenue & Customs pursuant to Regulation 38 of the Value Added Tax Regulations 1995 in respect of Financed Vehicles relating to Defaulted Receivables, Voluntarily Terminated Receivables or PCP Handback Receivables.

"Extraordinary Resolution" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and the Conditions by a majority of not less than 75% of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority of not less than 75% of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than 75% in aggregate Class Outstanding Note Balance of the relevant Class of Notes, 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 the relevant Class of Notes; or
- (c) consent given by way of Electronic Consent through the relevant Clearing System(s) (or in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than 75% in aggregate Class Outstanding Note Balance of the relevant Class of Notes.

"FATCA" means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 and any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; and
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or tax authority in any other jurisdiction.

"FATCA Compliant Entity" means a person payments to whom are not subject to FATCA withholding.

"FATCA Deduction" means a deduction or withholding from a payment required by FATCA.

"FCA" means the Financial Conduct Authority.

"Final Discharge Date" means the date on which the Trustee notifies the Issuer and the Secured Parties that the Trustee is satisfied that all the Secured Obligations, actual or contingent, and/or all other moneys and other liabilities due or owing by the Issuer, actual or contingent, in relation to the Transaction have been paid or discharged in full.

"Financed Vehicle" means any passenger car, light commercial vehicle or motorcycle financed under an Underlying Agreement.

"Fitch" means Fitch Ratings Limited or its Affiliate and its successors.

"Floating Charge" means the floating charge created by clause 6 (*Creation of Floating Charge*) of the Deed of Charge.

"Force Majeure Event" means an event beyond the reasonable control of the person affected including strike, lock out, labour dispute, act of God, war, riot, civil commotion, epidemics, malicious damage, accident, breakdown of plant or machinery, computer software, hardware or system failure, electricity power-cut, fire or flood.

"Form of Proxy" means, in relation to a Proxy, a document in the form provided by the Registrar confirming that the Proxy has been appointed.

"FSA" means the Financial Services Authority.

"FSMA" means the United Kingdom Financial Services and Markets Act 2000, as amended.

"GBP", "Sterling" or "£" means the lawful currency of the United Kingdom.

"GDPR" means the EU General Data Protection Regulation (EU) 2016/679 and the UK GDPR

"Global Note" means a global note certificate representing a Class of Notes, the form of which is set out in schedule 1 (*Form of Global Notes*) to the Trust Deed.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to a government, including, without limitation, any court, any tax authority and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Holdings" means Bavarian Sky UK Holdings Limited, incorporated under the laws of England and Wales on 28 June 2017 (registered number 10840759) as a private limited company under the Companies Act 2006 (as amended) with its registered address at Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

"HSBC" means HSBC Bank plc.

"ICSD" means either of Clearstream Banking, S.A. or Euroclear Bank SA/NV, and **"ICSDs"** means Clearstream Banking, S.A. and Euroclear Bank SA/NV collectively.

"Incorporated Terms Memorandum" means the memorandum so named, dated on or about the Issue Date and signed for the purpose of identification by each of the Transaction Parties.

"Indemnified Receivable" has the meaning given to it in clause 15 (*Seller Indemnification Obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables*) of the Receivables Purchase Agreement.

"Initial Portfolio" means the portfolio consisting of Receivables and Related Collateral purchased (or to be purchased) by the Issuer from the Seller on the Issue Date.

"Initial Portfolio Purchase Price" means an amount equal to GBP 549,400,000.00.

"Initial Portfolio Schedule" means a schedule describing details of the Initial Portfolio, which contains the information set out in the Annex to schedule 2 (*Form of Transfer Notice*) to the Receivables Purchase Agreement.

"Insolvency Act" means the Insolvency Act 1986, as amended.

"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, the terms of which have previously been approved by the Trustee; 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 debts as they fall due or is unable to pay its debts within the meaning of Section 123(1) of the Insolvency Act (other than, except in the case of the Issuer, subsection 123(1)(a) or 123(2) of the Insolvency Act or, where applicable, Section 222 to 224 of the Insolvency Act); or
- (c) proceedings, corporate action or other steps shall be initiated against the Relevant Entity under any applicable liquidation, insolvency, sequestration, diligence, bankruptcy, composition, reorganisation 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, in the reasonable opinion of the Trustee, 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 encumbrancer (other than the Issuer or the 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 thirty (30) calendar 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 or other similar laws or makes a conveyance or assignment or assignation for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; 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 paragraph (a), (b) or (c) above.

"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.

"Instalment" means each monthly payment due from a Customer under the Underlying Agreement to which such Customer is a party (including, for the avoidance of doubt, the final balloon payment due from the Customer under the relevant Underlying Agreement).

"Insurance Agreement" means, in respect of the definition of Related Collateral, any insurance agreement entered into by the relevant Customer as insurance policy holder in connection with the financing of the acquisition of a Financed Vehicle where the relevant Customer is the insured person.

"Interest Amount" means the amount of interest payable by the Issuer on a Note on a Payment Date accrued during the Interest Period relating to such Payment Date as further described in Condition 6.6 (*Determination of Interest Amounts*) of the Conditions.

"Interest Commencement Date" means the first date of each Interest Period;

"Interest Determination Agent" means HSBC Bank plc, a public company incorporated with limited liability under the laws of England and Wales, registered number 00014259, with its registered office at 8 Canada Square, London, E14 5HQ, acting in its capacity as interest determination agent in accordance with the terms of the Agency Agreement.

"Interest Determination Date" means the date falling five (5) Banking Days prior to the end of each Interest Period.

"Interest Period" means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date, and in respect of any subsequent Payment Date, the period commencing on (and including) the respective previous Payment Date and ending on (but excluding) such Payment Date, **provided that** the last Interest Period ends on (but excludes) the Legal Final Maturity Date or, if earlier, the date on which all Notes are redeemed in full.

"Interest Rate" means in respect of the Notes the applicable rate of interest as more specifically described in Condition 6.4 (*Interest Rate*) of the Conditions.

"Interest Shortfall" means, with respect to any Note, accrued interest not paid on any Payment Date related to the Interest Period in which it accrued, including but not limited to any accrued interest resulted from correction of any miscalculation of interest payable on a Note related to the last Interest Period immediately prior to the Payment Date.

"**Investor Reporting Date**" means the second (2nd) Business Day prior to the respective Payment Date.

"**Irrecoverable VAT**" means any amount in respect of VAT incurred by a party to a Transaction Document (for the purposes of this definition, a "**Relevant Party**") to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) of VATA) for the prescribed accounting period (as that expression is used in Section 25(1) of VATA) to which such input tax relates.

"**ISDA Calculation Agent**" means, for the purpose of the Swap Agreement, the Calculation Agent specified in the Swap Agreement.

"**Issue Date**" means 20 April 2023.

"**Issuer**" means Bavarian Sky UK 5 plc, incorporated under the laws of England and Wales on 7 April 2022 (registered number 14032087) as a public limited company under the Companies Act 2006 (as amended) with its registered address at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

"**Issuer Account**" means any of the Operating Account, the Cash Reserve Account, the Replenishment Account, the Retained Profit Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Counterparty Downgrade Collateral Account and any other account designated as such by the Issuer and "**Issuer Accounts**" shall be construed accordingly.

"**Issuer Covenants**" means the covenants of the Issuer set out in schedule 8 (*Issuer Covenants*) to the Incorporated Terms Memorandum.

"**Issuer Event of Default**" means any of the events specified in Condition 11 (*Events of Default*).

"**Issuer-ICSDs Agreement**" means any Issuer-ICSDs agreement between the Issuer and the ICSDs with respect to any Class of Notes before any Notes of such Class in NSS form will be accepted by the ICSDs.

"**Issuer Profit Amount**" means £100 on each Payment Date.

"**Issuer Security Power of Attorney**" means the power of attorney contained in the Deed of Charge.

"**Issuer Share**" means the Issuer share of each Collection Account Declaration of Trust, which shall be an amount equal to amounts from time to time standing to the credit of the relevant Collection Account to the extent that such amounts represent payments into such Collection Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of amounts standing to the credit of such Collection Account).

"**Issuer Warranties**" means the representations and warranties of the Issuer set out in schedule 7 (*Issuer Representations and Warranties*) to the Incorporated Terms Memorandum and "**Issuer Warranty**" means any of them.

"**Joint Lead Managers**" means (i) HSBC and (ii) Santander and "**Joint Lead Manager**" means any of them.

"**Legal Final Maturity Date**" means the Payment Date falling in April 2031.

"**Legal Reservations**" means any general principles of law, exceptions and qualifications limiting each Transaction Party's obligations which are specifically referred to in each legal opinion delivered pursuant to clause 13 (*Conditions Precedent*) of the Subscription Agreement.

"**Liabilities**" means, in respect of any Person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever, including (without limitation) reasonably incurred legal fees and any Taxes and any related interest and/or penalties incurred by that person, together with any VAT charged or chargeable in respect of any of the sums referred to in this definition.

"**LIBOR**" means the London Inter-Bank Offered Rate for Sterling deposits.

"**Lloyds**" means Lloyds Bank Corporate Markets plc.

"**Loss**" means, in respect of any Person, any loss, liability, damages, cost, expense, claim, action, suit, judgment, and out-of-pocket costs and expenses (including, without limitation, fees and expenses of any professional adviser to such Person) which such Person may have incurred or which may be made against such Person and any reasonable costs of investigation and defence.

"**LPA**" means the Law of Property Act 1925.

"**Luxembourg**" means the Grand Duchy of Luxembourg.

"**Luxembourg Listing Agent**" means Clifford Chance S.C.S Luxembourg, 10 Boulevard Grande-Duchesse Charlotte, B.P.1147, L-1011 Luxembourg, Luxembourg.

"**Luxembourg Stock Exchange**" means *Société de la Bourse de Luxembourg*.

"**Managers**" means the Joint Lead Managers and the Co-Managers, collectively.

"**Master Definitions Schedule**" means schedule 1 (*Master Definitions Schedule*) to the Incorporated Terms Memorandum.

"**Material Adverse Effect**" means in relation to any Person, any effect that results in, or could reasonably be expected to result in, the Insolvency Event of that Person or otherwise hinders or could reasonably be expected to hinder not only temporarily, the performance of that Person's obligations under any of the Transaction Documents as and when due.

"**Meeting**" means a meeting of Noteholders of any Class or Classes of Notes (whether originally convened or resumed following an adjournment).

"**Member State**" means, as the context may require, a member state of the European Union or of the European Economic Area.

"**Minimum Denomination**" means £100,000 and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000.

"**Monthly Investor Report**" means the report which contains information in respect of the Purchased Receivables, for instance defaults, delinquencies and performance, and which is prepared by the Servicer and made available by the Calculation Agent no later than on the Investor Reporting Date.

"**Monthly Period**" means, with respect to the first Monthly Period, the period commencing on (but excluding) the Cut-Off Date immediately preceding the Issue Date and ending on (and including) 30 April 2023 and with respect to each following Monthly Period the period commencing on (but excluding) a Cut-Off Date and ending on (and including) the immediately following Cut-Off Date.

"**Moody's**" means Moody's Investor Services Limited and any successor to its rating business.

"**Most Senior Class of Noteholders**" means the Class A Noteholders or, if there are no Class A Noteholders, then the Class B Noteholders or, if there are no Class A Noteholders or Class B Noteholders, the Class C Noteholders.

"**Most Senior Class of Notes**" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes, or if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes.

"**New Safekeeping Structure**" or "**NSS**" means a structure where a Global Note is registered in the name of a Common Safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and will be deposited on or about the Issue Date with the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg.

"**New Vehicle**" means any Financed Vehicle, in respect of which, at the time of the start of the Relevant Underlying Agreement, not more than two months have elapsed since the date of the first vehicle registration.

"**Non-BMW Receivables**" means any Purchased Receivables relating to a Financed Vehicle which is not of the brand "**BMW**" (including BMW Motorrad) or "**MINI**".

"**Non-Compliant Receivable**" means each Purchased Receivable in respect of which any Receivables Warranty proves to have been incorrect on the date on which the relevant Receivables Warranty is given and remains incorrect, or has never existed.

"**Non-Compliant Receivables Repurchase Price**" means in respect of a Non-Compliant Receivable, an amount, calculated by the Servicer, equal to the Discounted Receivables Balance of the applicable Non-Compliant Receivable as at the Cut-Off Date immediately preceding the date of repurchase.

"**Non-Defaulted Receivables Losses**" means the sum of all losses incurred in respect of any Purchased Receivable other than those losses incurred as a result of a Purchased Receivable being a Defaulted Receivable as determined pursuant to the Credit and Collection Policy, including (a) the Aggregate VT Receivables Balance; and (b) the Aggregate PCP Handback Receivables Balance.

"**Non-Permitted Variation**" means, in respect of any Underlying Agreement:

- (a) any Purchased Receivable, payable under such Underlying Agreement, is reduced or negatively affected due to any early termination of the relevant Underlying Agreement agreed upon by the parties thereto other than in accordance with the requirements of the CCA; or
- (b) the Purchased Receivable, payable under such Underlying Agreement, is materially reduced or materially affected due to any material modification and/or material reduction to the cash flow or payment plan of the relevant Underlying Agreement (other than: (i) any rescheduling of any Instalments which the Servicer is obligated to make pursuant to the CCA; (ii) any modifications required in respect of any Non-Defaulted Receivables Losses incurred in respect of any Purchased Receivable; or (iii) any modifications made following an agreed change to the mileage limit applicable to the Underlying Agreement to the extent this does not result in a change to the balloon payment in relation to an Underlying Agreement); or
- (c) the entry by the Seller into a modifying agreement with a Customer on the refinancing of a balloon payment in relation to an Underlying Agreement,

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

"**Note Certificate**" means any note certificate representing any holding of any Class of Notes, in or substantially in the form set out in schedule 1 (*Form of Global Notes*) to the Trust Deed.

"**Note Factor**" means an amount obtained by dividing (i) the amount of the Outstanding Note Balance of a Note, by (ii) the Aggregate Outstanding Note Balance of the relevant Class of Notes, where such fraction is expressed as a decimal to the sixth decimal point.

"**Noteholders**" means collectively the Class A Noteholders, the Class B Noteholders and the Class C Noteholders and each holder of a Note a "**Noteholder**".

"**Notes**" means collectively the Class A Notes, the Class B Notes and the Class C Notes.

"**Note Principal Payment**" means the principal amount to be redeemed in respect of a Note on any Payment Date which shall be, prior to the service of an Enforcement Notice, Available Distribution Amount available for such purpose on such Payment Date in accordance with the relevant Priority of Payments, as calculated as of the Cut-Off Date immediately preceding such Payment Date, multiplied by the relevant Note Factor (of which the numerator is the Outstanding

Note Balance of that Note and the denominator, is the Aggregate Outstanding Note Balance of the relevant Class of Notes) and rounded down to the nearest penny.

"**Notice**" means any notice delivered under or in connection with any Transaction Document.

"**Notice Details**" means:

- (a) in respect of a Transaction Party other than a Noteholder, the details specified in schedule 10 (*Notice Details*) to the Incorporated Terms Memorandum; and
- (b) in respect of a Noteholder, the details specified in the relevant Register,
- (c) in each case as may be amended in accordance with the provisions of the relevant Transaction Document.

"**Notices Condition**" means Condition 16 (*Notice to Noteholders*).

"**Obligations**" means all of the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"**Observation Period**" means the period from and including the date falling five (5) Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling five (5) Banking Days prior to the Payment Date for such Interest Period (or, if applicable, the date falling five (5) Banking Days prior to any other date on which a payment of interest is to be made in respect of the Notes);

"**Offering Circular**" means the offering circular dated 18 April 2023 prepared in connection with the issue by the Issuer of the Notes.

"**Operating Account**" means the account held by the Issuer with the Account Bank into which the Servicer transfers all Collections received by it on behalf of the Issuer in accordance with the Servicing Agreement and for the purposes of the Transaction.

"**Optional Repurchase Payment**" means, in respect of an Indemnified Receivable, an amount equal to £1.00.

"**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and the Conditions by a majority of not less than 50.1% of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority of not less than 50.1% of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than 50.1% in aggregate Class Outstanding Note Balance of the relevant Class of Notes, 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 the relevant Class of Notes; or
- (c) consent given by way of Electronic Consent through the relevant Clearing System(s) (or in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than 50.1% in aggregate Class Outstanding Note Balance of the relevant Class of Notes.

"**Outstanding Note Balance**" means in respect of any Note on any date the original principal amount of such Note as reduced by all amounts paid in accordance with the applicable Priority of Payments prior to such date on such Note in respect of principal.

"**Paying Agents**" means the paying agents named in the Agency Agreement together with any successor or additional paying agents (including, for the avoidance of doubt, the Principal Paying Agent), appointed from time to time in connection with the Notes under the Agency Agreement and "**Paying Agent**" means any of them.

"**Payment Date**" means (in respect of the first Payment Date) 20 May 2023 and thereafter the twentieth (20th) day of each calendar month, **provided that** if any such day is not a Business Day, the relevant Payment Date will fall on the next following Business Day unless such date would

thereby fall into the next calendar month, in which case the Payment Date shall be the immediately preceding Business Day. Any reference to a Payment Date relating to a given Monthly Period shall be a reference to the Payment Date falling in the calendar month following such Monthly Period.

"PCP Agreement" means any agreement entered into by the Seller that is a personal contract plan agreement providing for the purchase of a Financed Vehicle under the terms of which the Customer has a contractual right either to (i) make a final balloon payment in order to acquire the legal title of the Financed Vehicle, or (ii) return the Financed Vehicle financed under such agreement in lieu of making such final balloon payment.

"PCP Handback Receivable" means any Purchased Receivable which ceases to be payable because the Customer opts to return the Financed Vehicle to the Seller in lieu of making a final payment and acquiring legal title to the Financed Vehicle in accordance with the related Underlying Agreement.

"PCP Residual Value" means, with respect to any Underlying Agreement, the Receivable representing the final payment under such Underlying Agreement (calculated by the Seller taking into account the residual value ascribed by the Seller to the Financed Vehicle financed pursuant to such PCP Agreement, as discounted on the relevant date at the Discount Rate).

"PCP/VT Calculation Period" means the period from (but excluding) a PCP/VT Indemnification Date to (and including) the next PCP/VT Indemnification Date.

"PCP/VT Indemnification Amount" means, as at the relevant PCP/VT Indemnification Date, the amount (if any) by which the aggregate Recoveries received by the Servicer in accordance with the Credit and Collection Policy in respect of all Indemnified Receivables in the relevant PCP/VT Calculation Period is less than the Aggregate PCP/VT Receivables Balance of such Indemnified Receivables.

"PCP/VT Indemnification Date" has the meaning given to it in clause 15 (*Seller Indemnification Obligation in respect of PCP Handback Receivables and Voluntarily Terminated Receivables*) of the Receivables Purchase Agreement.

"PCP/VT Indemnification Trigger" means, on any Payment Date, the sum of: (a) the Aggregate Discounted Receivables Balance of Performing Receivables in the Portfolio (including any Additional Portfolio acquired by the Issuer on such Payment Date and as of the Cut-Off Date immediately preceding such Payment Date); and (b) the balance standing to the credit of the Replenishment Account (on such Payment Date) is less than Aggregate Outstanding Note Balance (following application of the Available Distribution Amount on such Payment Date in accordance with the Pre-Enforcement Priority of Payments).

"PCS" means Prime Collateralised Securities (PCS) UK Limited

"Perfection Event" means the occurrence of any of the following events:

- (a) unless otherwise agreed in writing by the Trustee, a Servicer Termination Event;
- (b) 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 Purchase Agreement;
- (c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Trustee;
- (d) the occurrence of a Severe Deterioration Event; or
- (e) the occurrence of an Insolvency Event in respect of the Seller.

"Perfection Event Notice" means in respect of a Purchased Receivable a notice (substantially in the same form as the one set out in schedule 3 (*Form of Perfection Event Notice*) to the Receivables Purchase Agreement) sent to the relevant Customer stating that such Purchased Receivable has been assigned by the Seller to the Issuer pursuant to the Receivables Purchase Agreement and instructing the Customer to make payments to the Operating Account or any other account compliant with the Transaction Document.

"Performance Period" means the sixty (60) calendar day period following either a Set-Off Reserve Trigger Event or a Commingling Reserve Trigger Event as applicable.

"Performing Receivable" means a Purchased Receivable relating to an Underlying Agreement which is not a Defaulted Receivable, Voluntarily Terminated Receivable or PCP Handback Receivable.

"Permitted Investments" means any amount standing to the credit of an Issuer Account (other than the Commingling Reserve Account, the Counterparty Downgrade Collateral Account and the Set-Off Reserve Account) invested by the Account Bank on behalf of, and upon instructions by, the Issuer, **provided that** any such investment:

- (a) must be denominated and payable in sterling;
- (b) may only be made in:
 - (i) Sterling denominated securities, bank accounts or other obligations of or rights against entities (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities) which have:
 - (A) a short-term rating of at least "F1" (or its replacement) by Fitch or a long-term rating of at least "A" (or its replacement) by Fitch; and
 - (B) a short-term rating of at least "P-2"/"P-1" (or its replacement) by Moody's or a long-term rating of at least "A2" (or its replacement) by Moody's; or
 - (ii) in money market funds which have a rating of (i) "AAAmf" by Fitch, and (ii) "AAAmf" by Moody's;
- (c) shall mature no later than the next following Payment Date; and
- (d) shall in no event be the Notes.

For the avoidance of doubt, no such investment shall be made, in whole or in part, actually or potentially, in tranches of other asset-backed securities, credit linked notes, swaps or other derivatives instruments, or synthetic securities.

"Permitted Variations" means any Variation which is made in accordance with the terms of the relevant Underlying Agreement and the Credit and Collection Policy and which is not a Non-Permitted Variation.

"Permitted Withdrawal" means an amount equal to the aggregate of the following withdrawals by the Servicer and paid to the Seller (as directed by the Seller) on any Business Day:

- (i) from the Operating Account in respect of 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; and
- (ii) from the Operating Account in respect of any Excluded VAT Receivables Amount, and
- (iii) from the amounts standing to the credit of the Commingling Reserve Account in the amounts, and on the dates, permitted or required by clause 15.5 (*Commingling Reserve Account*) of the Servicing Agreement, and
- (iv) from the amounts standing to the credit of the Set-Off Reserve Account in the amounts, and on the dates, permitted or required pursuant to clause 23 (*Set-Off Reserve Account*) of the Receivables Purchase Agreement.

provided that, any such withdrawals shall (i) (only in respect of paragraph (ii)) in any Monthly Period only be made up to a maximum amount equal to the Available Distribution Amount received in such Monthly Period, (ii) be deemed to be made prior to administration of the

applicable Priority of Payments and (iii) for the avoidance of doubt, shall not be included as Available Distribution Amount.

"Person" means an individual, partnership, corporation (including a business trust), unincorporated association, trust, joint stock company, limited liability company, joint venture or other entity, or a government or political subdivision, agency or instrumentality thereof.

"Personal Data" means any information of whatever nature satisfying the definition of 'personal data' in the Data Protection Legislation.

"Portfolio" means the Initial Portfolio and each Additional Portfolio.

"Portfolio Decryption Key" means a file of information sent by the Seller to the Data Trustee, required to decrypt the encrypted Portfolio Information.

"Portfolio Information" means a portfolio file (non-encrypted information) and a Data Trustee file (encrypted information) with the information as set out in the Annex to schedule 2 (*Form of Transfer Notice*) to the Receivables Purchase Agreement sent by the Seller to the Issuer (the encrypted information readable only together with the Portfolio Decryption Key).

"Portfolio Purchase Price" means the Initial Portfolio Purchase Price or the Additional Portfolio Purchase Price (as applicable) together with the Deferred Purchase Price.

"Post-Enforcement Priority of Payments" means the priority of payments set out in schedule 7 (*Post-Enforcement Priority of Payments*) to the Deed of Charge.

"Potential Issuer Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Issuer Event of Default.

"Pre-Enforcement Priority of Payments" means the priority of payments set out in schedule 6 (*Pre-Enforcement Priority of Payments*) to the Deed of Charge.

"Preliminary Monthly Investor Report" has the meaning given to such term in clause 5.1 (*General duties in relation to the Monthly Investor Reports*) of the Calculation Agency Agreement.

"Preliminary Offering Circular" means the preliminary offering circular dated on or about 27 March 2023 prepared in connection with the issue by the Issuer of the Notes.

"Principal Amount" means with respect to any Note, on any Payment Date, the amount of principal payable by the Issuer on such Note on such Payment Date.

"Principal Paying Agent" means HSBC Bank plc (registered number 00014259), in its capacity as principal paying agent or any successor principal paying agent appointed in accordance with the Agency Agreement.

"Priority of Payments" means either the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

"Proceedings" means any legal proceedings relating to a Dispute.

"Provisions for Meetings of Noteholders" means the provisions contained in schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"Proxy" means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction other than:

- (a) any person whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time is fixed for such Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been appointed to vote at the Meeting when it is resumed.

"Purchase Date" means:

- (a) in respect of the Initial Portfolio, the Issue Date; and
- (b) in respect of any Additional Portfolio, the relevant Payment Date on which such Additional Portfolio is purchased by the Issuer.

"Purchased Receivable" means any Receivable which is purchased by the Issuer or held on trust or purported to be held on trust by the Seller for the Issuer in accordance with the Receivables Purchase Agreement which has neither been paid in full by or on behalf of the Customer nor repurchased (and not subsequently re-sold) by the Seller pursuant to the Receivables Purchase Agreement.

"Rated Notes" means the Class A Notes and the Class B Notes.

"Rating Agencies" means Fitch and Moody's.

"Rating Agency Confirmation" means confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer will not have an adverse effect on the then current ratings of the Rated Notes.

"RBC Capital Markets" means RBC Europe Limited.

"Realisation" means, in relation to any Charged Assets, the deriving, to the fullest extent practicable, of proceeds from or in respect of such Charged Assets including (without limitation) through sale or through performance by an obligor in accordance with the provisions of the Transaction Documents.

"Reasonable Prudent Lender" means the relevant party acting in accordance with the standards of a reasonable prudent provider of auto loans lending to customer in England and Wales.

"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 Instalments 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 Related Collateral).

"Receivables Call Option" means the call option granted by the Issuer to the Seller pursuant to the Receivables Purchase Agreement, under which the Seller, subject to (a) the PCP/VT Indemnification Amount having been received by the Issuer from the Seller, and (b) such Indemnified Receivable being written off in accordance with the Seller's Credit and Collection Policy, but prior to the occurrence of an Insolvency Event in respect of the Seller, has the right to repurchase from the Issuer any Indemnified 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 Purchase Agreement, an amount equal to (i) the Discounted Receivables Balance of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties and (ii) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the APR in respect of such Purchased Receivable, as determined by the Servicer at the end of the immediately preceding Monthly Period.

"Receivables Purchase Agreement" means a receivables purchase agreement between, *inter alios*, the Seller, the Issuer and the Trustee dated on or about the Issue Date.

"Receivables Warranties" means the representations and warranties made by the Seller in respect of the Purchased Receivables as set out in Part 3 (*Receivables Representations and Warranties of the Seller*) of schedule 3 (*Seller Representations and Warranties*) to the Incorporated Terms Memorandum.

"Receiver" means any receiver, manager, or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with clause 18.2 (*Appointment of a Receiver*) of the Deed of Charge.

"Records" means with respect to any Purchased Receivable, Related Collateral, Financed Vehicle and the related Customer(s) which owes such Purchased Receivable all contracts, invoices, receipts, correspondence, files, notes of dealings and other documents, books, books of account, registers, records and other information (especially computerised data, tapes, discs, punch cards, data processing software and related property and rights) maintained (and recreated in the event of destruction of the originals thereof) regardless of how stored.

"Recoveries" means all amounts received in respect of, or in connection with, any Purchased Receivable by the Servicer after the date such Purchased Receivable became a Defaulted Receivable, a PCP Handback Receivable or Voluntarily Terminated Receivable, including, for the avoidance of doubt, Vehicle Sales Proceeds, Instalments, damages, reminder fees, past due interest and any other payment, by or for the account of the relevant Customer.

"Reference Rate" means Compounded Daily SONIA **provided that:**

- (a) If, in respect of any Banking Day in the relevant Observation Period, the Interest Determination Agent determines that the daily SONIA rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, the daily SONIA rate for such Banking Day shall be deemed to be equal to:
 - (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Banking Day; plus
 - (ii) the mean of the spread of the daily SONIA rate to the Bank Rate over the previous five (5) days on which a daily SONIA 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; and
- (b) notwithstanding the foregoing, in the event the Bank of England publishes guidance as to:
 - (i) how the daily SONIA rate is to be determined; or
 - (ii) any rate that is to replace the daily SONIA rate,the Interest Determination Agent shall, in conjunction with the Issuer (and as instructed by the Trustee, acting on the instructions of the Class A Noteholders), to the extent that it is reasonably practicable, follow such guidance in order to determine the daily SONIA rate, for so long as the daily SONIA rate is not available or has not been published by the authorised distributors.

"Reference Screen" means the Bloomberg Screen SONIA Page (or such replacement page on that service which displays the relevant information) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer (with the approval of the Trustee, acting on the instructions of the Class A Noteholders);

"Register" means the register of the Notes held by the Registrar.

"Registrar" means HSBC Bank plc or any other entity appointed as the registrar for the purposes of the Transaction Documents in accordance with the terms of the Agency Agreement.

"Regulation S" means Regulation S under the Securities Act.

"Regulatory Direction" means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person is required or accustomed to comply.

"Related Collateral" 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 right to receive the Vehicle Sales Proceeds;
- (e) 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, other than title to the Financed Vehicle (including (i) amounts (if any) received by the Seller arising from claims by a Customer against the relevant insurer under any Insurance Agreement entered into by the Customer in connection with the relevant specified Financed Vehicles or the financing of their acquisition by the relevant Customer and (ii) any claims against a Dealer in respect of a Financed Vehicle),

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.

"**Related Underlying Agreement**" means, in relation to each Receivable, the Underlying Agreement from which such Receivable derives.

"**Relevant Transaction Documents**" means, with reference to any particular Transaction Party, the Transaction Documents to which such Transaction Party is a party together with the Transaction Documents that contain provisions that otherwise bind or confer rights upon such Transaction Party.

"**Relevant Transaction Party**" means, in respect of any representation, warranty, covenant or undertaking, the Transaction Party to whom such representation, warranty, covenant or undertaking is given.

"**Replacement Notes**" means any Notes which have been authenticated by the Registrar and delivered by the Principal Paying Agent under the terms of the Agency Agreement, as a replacement for any which have been mutilated or defaced or which are alleged to have been destroyed and "**Replacement Note**" means any one of them.

"**Replacement Servicer**" means an entity identified and appointed in accordance with clause 13 (*Termination*) of the Servicing Agreement to perform the Services.

"**Replacement Swap Premium**" shall mean an amount received by the Issuer from a replacement interest rate swap provider upon entry by the Issuer into an agreement with such replacement interest rate swap provider to replace a transaction entered into under the Swap Agreement.

"**Replenishment Available Amount**" means, as of any Payment Date, the amount by which the Aggregate Outstanding Note Balance exceeds the Aggregate Discounted Receivables Balance of Performing Receivables as of the Cut-Off Date immediately preceding such Payment Date.

"**Replenishment Account**" means the account held by the Issuer with the Account Bank into which, during the Revolving Period only, the Excess Collection Amount shall be credited.

"**Reporting Date**" means the fourth (4th) Business Day prior to the respective Payment Date.

"**Required Cash Reserve Amount**" means either (i) on any date other than the date falling within (ii), an amount equal to £7,200,000; or (ii) upon the occurrence of either (a) the Legal Final Maturity Date or (b) the date on which the Available Distribution Amount is sufficient to reduce the Class B Outstanding Note Balance to zero, whichever occurs earlier, zero.

"**Requirement of Law**" in respect of any person means:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by or 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,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply.

"Retained Profit Account" means the account held by the Issuer with the Account Bank in which the Issuer Profit Amount is held for the purposes of the Transaction.

"Reverse Charge" means the charge arising as a result of Section 8(1) of VATA.

"Revolving Period" means the period commencing on (and including) the Issue Date and ending on (but excluding) the earlier of (a) the Payment Date falling in May 2024 and (b) the date on which an Early Amortisation Event occurs. For the avoidance of doubt, unless an Enforcement Notice has been delivered or an Early Amortisation Event has occurred, 20 May 2024 shall be the first Payment Date on which any repayment of the principal amount shall be made in respect of the Notes in accordance with the Pre-Enforcement Priority of Payments.

"Santander" means Banco Santander, S.A.

"Scottish Declaration of Trust" means each declaration of trust (forming part of a Transfer Notice) in relation to Scottish Receivables and their Related Collateral constituted pursuant to a Transfer Notice delivered pursuant to the Receivables Purchase Agreement by means of which the sale of such Scottish Receivables and their Related Collateral by the Seller to the Issuer and the transfer of the beneficial interest therein to the Issuer are given effect.

"Scottish Receivables" means those Receivables contained in the Portfolio governed by or otherwise subject to Scots law.

"Scottish Supplemental Charge" means each assignment in security granted by the Issuer in favour of the Trustee in respect of the Issuer's interest in a Scottish Declaration of Trust and/or the Scottish Vehicle Sales Proceeds Floating Charge, entered into pursuant to the Deed of Charge and in substantially the form set out at schedule 5 (*Form of Scottish Supplemental Charge*) thereto.

"Scottish Trust" means the trust declared by the Seller pursuant to the Scottish Declaration of Trust.

"Scottish Trust Property" has the meaning given to it in the Scottish Declaration of Trust.

"Scottish Vehicle Sales Proceeds" means Vehicle Sales Proceeds in respect of Purchased Receivables in so far as they relate to Scottish Vehicles.

"Scottish Vehicle Sales Proceeds Floating Charge" means the Scots law governed floating charge granted by the Seller in favour of the Issuer in respect of the Scottish Vehicle Sales Proceeds pursuant to clause 4.10 of the Receivables Purchase Agreement.

"Scottish Vehicles" means Financed Vehicles situated in Scotland or otherwise subject to Scots law.

"Secured Obligations" means the aggregate of all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Parties under the Notes or the Transaction Documents.

"Secured Party" means each of the Noteholders, the Trustee, the Seller, the Servicer (if different from the Seller), the Subordinated Lender, the Swap Counterparty, each Paying Agent, the Interest Determination Agent, the Registrar, the Calculation Agent, the Account Bank, the Data Trustee, the Corporate Services Provider, the Back-Up Servicer Facilitator, any Receiver any Appointee and any successor, assignee, transferee or replacement thereof and any other party that becomes a Secured Party pursuant to the Deed of Charge.

"Securities Act" means the U.S. Securities Act of 1933 as amended from time to time.

"Securitisation Regulation" means each of the EU Securitisation Regulation (as in force on the Issue Date) and the UK Securitisation Regulation.

"Security" means a mortgage, standard security, pledge, lien, charge, assignment or assignment by way of security, hypothecation or other security interest or any other agreement or arrangement

having the effect of creating a security interest granted by the Issuer to the Trustee in favour of the Secured Parties under the terms of the Deed of Charge.

"Security Interest" means any mortgage, charge, assignment or assignation by way of security, lien, pledge, hypothec, right of set-off (or analogous right), retention of title, flawed asset or blocked deposit arrangement or any other encumbrance or security interest or security arrangement whatsoever created or arising under any relevant law or any agreement or arrangement having the effect of or performing the economic function of conferring security howsoever created or arising.

"Security Protection Notice" means a notice, in or substantially in, the form set out in schedule 4 (*Form of Security Protection Notice*) to the Deed of Charge.

"Seller" means BMW Financial Services (GB) Limited.

"Seller Covenants" means the covenants of the Seller set out in schedule 4 (*Seller Covenants*) to the Incorporated Terms Memorandum and clause 12 (*Covenants*) of the Receivables Purchase Agreement.

"Seller Power of Attorney" means the power of attorney executed by the Seller in the form set out in schedule 4 (*Form of Power of Attorney*) to the Receivables Purchase Agreement.

"Seller Share" means the Seller share of each Collection Account Declaration of Trust which shall be an amount equal to all amounts from time to time standing to the credit of the relevant Collection Account to the extent such amounts represent amounts other than the Issuer Share or Collection Account Beneficiary Share.

"Seller Warranties" means the representations and warranties of the Seller set out in schedule 3 (*Seller Representations and Warranties*) to the Incorporated Terms Memorandum;

"Severe Deterioration Event" means all or any part of the property, business, undertakings, assets or revenues of the Seller having an aggregate value in excess of £120,000,000 having been attached as a result of any distress, execution or diligence being levied or any encumbrancer taking possession or similar attachment and such attachment having not been lifted within thirty (30) calendar days, unless such event will not materially prejudice the ability of the Seller to observe or perform its obligations under the Transaction Documents or the enforceability or collectability of the Receivables.

"Service Pack Agreement" means a servicing contract connected to an Underlying Agreement and entered into by BMW (UK) Limited and a relevant Customer, for the servicing and maintenance of such Customer's vehicle by a dealer, based on such dealer's terms and conditions.

"Service Pack Set-Off Amount" means the maximum amount by which a relevant Customer, upon or following the occurrence of a Service Pack Set-Off Trigger Event, would be able to withhold from the payments due to be paid under the Underlying Agreement which is connected with a Service Pack Agreement entered into by that relevant Customer, following the occurrence of such Service Pack Set-Off Trigger Event.

"Service Pack Set-Off Trigger Event" means breach by BMW (UK) Limited of the terms of the relevant Service Pack Agreement.

"Servicer" means BMW Financial Services (GB) Limited, unless the engagement of BMW Financial Services (GB) Limited as servicer of the Issuer is terminated upon the occurrence of a Servicer Termination Event in accordance with the Servicing Agreement in which case the Servicer shall mean the successor Servicer or replacement Servicer (if any) appointed in accordance with the Servicing Agreement.

"Servicer Shortfall" means, with respect to any Payment Date relating to any period for which BMW Financial Services (GB) Limited is the Servicer, the amount by which the Collections paid by the Servicer to the Issuer is less than the amount of the Collections as indicated in the relevant Monthly Investor Report prepared by the Servicer for such Payment Date and in respect of which no previous withdrawal has been made from amounts standing to the credit of the Commingling Reserve Account.

"Servicer Termination Event" means any of the following:

- (a) an Insolvency Event has occurred with respect to the Seller or the Servicer; or
- (b) the Seller or the Servicer fails to make any payment or deposit required by the terms of the relevant Transaction Document within five (5) Business Days of the date such payment or deposit is required to be made; or
- (c) the Seller or the Servicer fails to perform any of its material obligations under the Receivables Purchase Agreement and/or the Servicing Agreement (other than a payment or deposit required), and such breach, if capable of remedy, is not remedied within sixty (60) calendar days of written notice from the Issuer or the Trustee; or
- (d) any representation or warranty in the Servicing Agreement or in any report provided by the Servicer is materially false or incorrect, and such inaccuracy, if capable of remedy, is not remedied within sixty (60) calendar days of written notice from the Issuer or the Trustee and has a Material Adverse Effect in relation to the Issuer.

"Services" means the services to be provided by the Servicer under the Servicing Agreement.

"Servicing Agreement" means a servicing agreement between, *inter alios*, the Servicer, the Issuer and the Trustee dated on or about the Issue Date.

"Servicing Fee" means, for as long as BMW Financial Services (GB) Limited or any Affiliate is no longer the Servicer and for any Monthly Period, 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.

"Set-Off Notice" has the meaning given to this term in the Receivables Purchase Agreement.

"Set-Off Reserve Account" means the account so named to be opened and maintained in the name of the Issuer and in which any Set-Off Reserve Required Amount shall be held.

"Set-Off Reserve Excess Amount" means, on any Cut-Off Date, the difference between the amount standing to the credit of the Set-Off Reserve Account and the Set-Off Reserve Required Amount, where that difference is a positive number.

"Set-Off Reserve Loan" has the meaning given to this term in the Receivables Purchase Agreement.

"Set-Off Reserve Required Amount" means on each Cut-Off Date:

- (a) if no Set-Off Reserve Trigger Event has occurred and is continuing, zero; or
- (b) on the occurrence of a Set-Off Reserve Trigger Event and while such Set-Off Reserve Trigger Event is continuing, an amount equal to the maximum aggregate value of the Service Pack Set-Off Amounts comprised in the Purchased Receivables for the immediately following Monthly Period, as determined by the Servicer and notified to the Issuer in writing, **provided that** such amount shall at all times be a positive amount.

"Set-Off Reserve Return Event" means the earlier to occur of:

- (a) the Servicer certifying to the Issuer in writing that the Set-Off Reserve Trigger Event is no longer continuing; or
- (b) at any time following the end of the Revolving Period, the Servicer certifying to the Issuer in writing that none of the Purchased Receivables derive from Underlying Agreements which are connected with Service Pack Agreements.

"Set-Off Reserve Shortfall Amount" shall occur if, on any Cut-Off Date, the difference between the amount standing to the credit of the Set-Off Reserve Account and the Set-Off Reserve Required Amount is a negative number.

"Set-Off Reserve Trigger Event" means:

- (a) Fitch deems the credit worthiness of BMW AG (i) in respect of the short-term unsecured, unguaranteed and unsubordinated debt obligations, to be lower than F2 (or its replacement) and (ii) in respect of the long-term unsecured, unguaranteed and unsubordinated debt obligations, to be lower than BBB (or its replacement); or
- (b) (i) the short-term unsecured, unguaranteed and unsubordinated debt obligations of BMW AG are rated lower than P-2 (or its replacement) and (ii) in respect of the long-term unsecured, unguaranteed and unsubordinated debt obligations of BMW AG are rated lower than Baa1 (or its replacement) by Moody's; or
- (c) BMW AG ceases to own, directly or indirectly, at least 90% of the share capital of the Seller.

"Share Trust" means the trust established under English law by the Share Trust Deed and made by the Share Trustee.

"Share Trust Deed" means the trust deed so named and dated 13 September 2017 entered into by the Share Trustee.

"Share Trustee" means Wilmington Trust SP Services (London) Limited, (registered number 2548079), whose registered office is at Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

"SONIA" means the Sterling Over Night Index Average as calculated by the Bank of England and appearing on the Telerate Service on the page designated 3937 or the Bloomberg page designated SONIA 1.

"Specified Office" means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with clause 14.7 (*Changes in Specified Offices*) of the Agency Agreement.

"Specified Party" means any of the Agents, the Account Bank, the Calculation Agent, the Back-Up Servicer Facilitator, the Corporate Services Provider and the Data Trustee.

"SPV Criteria" means the criteria established from time to time by the Rating Agencies for a single purpose company in the UK.

"STS Notification" means the notification to be made to FCA by the Seller in accordance with Article 27 of the UK Securitisation Regulation, in the form made available by the Seller on or about the Issue Date.

"Subordinated Lender" means BMW Financial Services (GB) Limited or any successor thereof.

"Subordinated Loan" means the GBP 7,200,000 loan received (or to be received) on the Issue Date by the Issuer under the Subordinated Loan Agreement.

"Subordinated Loan Agreement" means a subordinated loan agreement entered into, *inter alios*, by the Issuer, the Subordinated Lender and the Trustee and dated on or about the Issue Date under which the Subordinated Lender will advance the Subordinated Loan to the Issuer.

"Subordinated Loan Amount" has the meaning given to it in clause 2.2 (*Drawing of the Subordinated Loan*) of the Subordinated Loan Agreement.

"Subscription Agreement" means a subscription agreement between, *inter alios*, the Issuer, the Seller and the Managers dated on or before the Issue Date.

"Subsidiary" means a corporation in relation to another corporation, if (x) the other corporation (aa) controls the composition of the board of directors of the first-mentioned corporation; (bb) controls more than half of the voting power of the first-mentioned corporation; (cc) holds more than half of the issued share capital of the first-mentioned corporation (excluding any part thereof which consists of preference shares); or (dd) possesses, directly or indirectly the power to direct or cause the direction of the management and policies of the first-mentioned corporation, whether

through the ownership or voting of securities, by contract or otherwise; or, (y) the first-mentioned corporation is a Subsidiary of any corporation which is that other corporation's Subsidiary. For this purpose, the composition of a corporation's board of directors, *inter alia*, shall be deemed to be controlled by another corporation if that other corporation by the exercise of some power exercisable by it without the consent or concurrence of any other person can directly or indirectly appoint or influence the appointment of or remove all or a majority of the directors, and for the purposes of this provision that other corporation shall be deemed to have power to make such an appointment if a person cannot be appointed as a director without the exercise in his favour by that other corporation of such a power or a person's appointment as a director follows necessarily from his being a director or other office of that other corporation.

"Substituted Obligor" means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria.

"Successor Trustee" means an entity appointed in accordance with clause 26 (*Appointment of Trustees*) of the Trust Deed to act as successor trustee.

"Suitable Entity" means an entity that:

- (a) 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) is resident in the United Kingdom for tax purposes and will perform its obligations from a fixed establishment in the United Kingdom;
- (c) has obtained and maintains in effect all authorisations, approvals, licences and consents required in connection with its business pursuant to any applicable law or regulation applicable to the provision of the Services; and
- (d) undertakes to administer and use the Records in compliance with any applicable law or regulation.

"Supplemental Collection Account Declarations of Trust" means the Collection Account A Supplemental Declaration of Trust, the Collection Account B Supplemental Declaration of Trust and the Collection Account C Supplemental Declaration of Trust and **"Supplemental Collection Account Declaration of Trust"** shall be construed accordingly.

"Swap Agreement" means a swap agreement dated and executed on or about 31 March 2023 between the Issuer and the Swap Counterparty pursuant to the 1992 ISDA Master Agreement and a rating agency compliant Schedule (including the related Credit Support Annex) and Confirmation (such confirmation executed on 31 March 2023 with trade date 31 March 2023 and effective date 20 April 2023) and any replacement swap agreement entered into with a replacement Swap Counterparty in accordance with the terms thereof.

"Swap Counterparty" means Royal Bank of Canada, London Branch or its successor or any transferee appointed in accordance with the Swap Agreement.

"Swap Fixed Interest Rate" means 4.255% *per annum*.

"Swap Floating Interest Rate" means, with respect to each Payment Date, the Reference Rate determined by the ISDA Calculation Agent (analogously to the determination of the Reference Rate for the purposes of the Class A Notes for such Payment Date).

"Swap Incoming Cashflow" means on any Payment Date, the product of:

- (a) the Swap Floating Interest Rate; and
- (b) the Swap Notional Amount; and
- (c) the actual number of calendar days of the Interest Period ending on such Payment Date divided by 365,

payable by the Swap Counterparty to the Issuer under the Swap Agreement.

"Swap Net Cashflow" means the amount equal, on any Payment Date, to (i) the Swap Incoming Cashflow, minus (ii) the Swap Outgoing Cashflow.

"Swap Notional Amount" means, on any date, an amount equal to the Class A Outstanding Note Balance on the immediately preceding Payment Date.

"Swap Outgoing Cashflow" means on any Payment Date, the product of:

- (a) the Swap Fixed Interest Rate; and
- (b) the Swap Notional Amount; and
- (c) the number of calendar days to be calculated on the basis of a year of 365 calendar days,

payable by the Issuer to the Swap Counterparty under the Swap Agreement.

"Swap Termination Date" means the earlier of (i) the Legal Final Maturity Date, (ii) the Clean-Up Call Settlement Date and (iii) the date on which the Notes are otherwise redeemed in full in accordance with the Conditions.

"Transaction" means the transaction as contemplated by the Transaction Documents, in particular, relating to the issue of the Notes by the Issuer on the Issue Date.

"Transaction Documents" means the Notes, the Agency Agreement, the Trust Deed, the Bank Account Agreement, the Calculation Agency Agreement, the Receivables Purchase Agreement, the Servicing Agreement, the Data Trust Agreement, the Subordinated Loan Agreement, the Deed of Charge, the Swap Agreement, the Corporate Services Agreement, each Collection Account Declaration of Trust, each Supplemental Collection Account Declaration of Trust, the Seller Power of Attorney, each Scottish Declaration of Trust, each Scottish Supplemental Charge and the Scottish Vehicle Sales Proceeds Floating Charge collectively, including any amendment agreement, termination agreement or replacement agreement relating to any such agreement.

"Transaction Party" means any Person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them.

"Transfer Notice" means a transfer notice from the Seller to the Issuer and the Trustee, substantially in the form as set out in schedule 2 (*Form of Transfer Notice*) to the Receivables Purchase Agreement.

"Trust Corporation" means a corporation entitled by the rules made under the Public Trustee Act 1906 to act as a custodian trustee or entitled pursuant to any other comparable legislation applicable to a trustee in any jurisdiction other than England and Wales to act as trustee and carry on trust business under the laws of the country of its incorporation.

"Trust Deed" means a trust deed entered into by, *inter alios*, the Issuer in respect of the Transaction and the Trustee.

"Trust Documents" means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or (as applicable) the Deed of Charge and expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable).

"Trust Property" means the Issuer Covenants, the Seller Covenants, the Issuer Warranties, the Seller Warranties, the Security and all proceeds of the Security.

"Trustee" means HSBC Corporate Trustee Company (UK) Limited (registered number 06447555), any successor thereof or any other Person appointed as replacement trustee from time to time in accordance with the Trust Deed.

"Trustee Acts" means each of the Trustee Act 1925 and the Trustee Act 2000, as amended

"Trustee Liabilities" means any Liabilities due and payable by the Issuer to the Trustee in accordance with the terms of the Trust Deed together with interest payable in accordance with the terms of the Trust Deed accrued due in the immediately preceding Monthly Period.

"U.S. Risk Retention Rules" means the Credit Risk Retention regulations implemented by the SEC pursuant to Section 15G of the Securities Exchange Act of 1934, as amended.

"UK" or **"United Kingdom"** means the United Kingdom of Great Britain and Northern Ireland.

"UK Benchmark Regulation" means Regulation (EU) No 2016/1011, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

"UK EMIR" means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

"UK CRA Regulation" means Regulation (EU) No. 1060/2009 (as amended), as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

"UK GDPR" means the EU General Data Protection Regulation (EU) 2016/679, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

"UK MiFID II" means Directive 2014/65/EU (as amended), as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

"UK MiFIR Product Governance Rules" means the FCA Handbook Product Intervention and Product Governance Sourcebook.

"UK PRIIPs Regulation" means Regulation (EU) No 1286/2014), as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

"UK Risk Retention Requirements" means the requirements provided for in Article 6(1) of the UK Securitisation Regulation.

"UK Securitisation Regulation" means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation as it forms part of the domestic law of the United Kingdom by virtue of EUWA.

"UK SR Investor Report" means the monthly investor report published by the Servicer in respect of the relevant period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and certain loan-by-loan information in relation to the Portfolio as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation.

"UK SR Repository" means EuroABS, being a securitisation repository registered under Article 10 of the UK Securitisation Regulation.

"Underlying Agreement" means any PCP Agreement (including any modifying agreements supplemental thereto relating to any replacement vehicle which becomes the subject matter of any such PCP Agreement (as the case may be) in substitution for the original vehicle) from which any Receivable derives.

"United States" means, for the purpose of the Transaction, the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

"Variation" means any amendment or variation to the terms of an Underlying Agreement after the relevant Cut-Off Date.

"VAT" means:

- (a) value added tax imposed by VATA

- (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (c) any other tax of a similar nature, whether imposed in the United Kingdom or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) or (b) above or imposed elsewhere.

"VAT Adjustment Amount" means an amount to be paid by the Servicer to the Issuer pursuant to the Servicing Agreement, being an amount equal to the reduction in the amount of VAT for which the Seller is required to account to HM Revenue & Customs pursuant to Regulation 38 of the Value Added Tax Regulations 1995 in respect of Financed Vehicles relating to Defaulted Receivables, Voluntarily Terminated Receivables or PCP Handback Receivables less an amount equal to any VAT for which the Seller is required to account to HM Revenue & Customs in respect of any disposal of Financed Vehicles.

"VAT Group" means a group for the purposes of the VAT Grouping Legislation.

"VAT Grouping Legislation" means (a) sections 43 to 43D (inclusive) of VATA and (b) the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931).

"VATA" means the Value Added Tax Act 1994.

"Vehicle Sales Proceeds" means the proceeds derived from the disposal (including by way of sale or otherwise) of any Financed Vehicle returned to or recovered by or on behalf of the Seller.

"Voluntarily Terminated Receivable" means any Purchased Receivable in relation to which a Customer serves a notice to the Seller pursuant to Section 99 of the CCA.

"Voter" means, in relation to any Meeting, the bearer of a Voting Certificate or a Proxy.

"Voting Certificate" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes (not being the Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) 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 Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate.

"Written Resolution" means a resolution in writing signed by or on behalf of holders of Notes not less than three-quarters in Aggregate Outstanding Note Balance of the relevant Class of Notes then outstanding and shall take effect as if it were an Extraordinary Resolution.

"24 hours" means a period of 24 hours including all or part of a day (disregarding for this purpose the day upon which such Meeting is to be held) upon which banks are open for business in both the place where the relevant Meeting is to be held and in each of the places where the Paying Agents have their Specified Offices 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 a day upon which banks are open for business as aforesaid.

"3 Month Rolling Average Delinquency Percentage" means, on any Payment Date, the arithmetic mean of the Delinquency Percentage of the current Payment Date and, as far as available, the previous two Payment Dates.

"48 hours" means two consecutive periods of 24 hours.

INDEX OF DEFINED TERMS

| | | | |
|--|----------|--|--------------|
| £ | xii, 231 | BMW Group | 220 |
| € | xii | Book-Entry Interest | 220 |
| 24 hours | 97, 251 | Book-Entry Interests | 72 |
| 3 Month Rolling Average Delinquency Percentage | 251 | Breach of Duty | 220 |
| 48 hours | 97, 251 | Breathing Space Regulations | 29 |
| Account Bank | 216 | Business Day | ii, 83, 220 |
| Act | 205 | BVRLA | 200 |
| act/365 | 126 | Calculation Agency Agreement | 220 |
| Additional Portfolio | 216 | Calculation Agent | 220 |
| Additional Portfolio Purchase Price | 216 | Calculation Amount | 220 |
| Additional Portfolio Schedule | 216 | Calculation Check | 220 |
| Adjusted Market Prognosis | 191 | Calculation Check Notice | 220 |
| Administrator | 216 | Cash Reserve Account | 220 |
| Administrator Incentive Recovery Fee | 216 | CCA | 220 |
| adverse change | 116 | CCA Compensation Amount | 50, 109, 220 |
| Affected Investors | 30 | CCA Compensation Payment | 221 |
| Affiliate | 216 | Charged Accounts | 221 |
| Agency Agreement | 76, 216 | Charged Assets | 221 |
| Agent | 216 | CIGA | 221 |
| Agents | 216 | Class | i, 221 |
| Aggregate Defaulted Receivables Balance | 216 | Class A Definitive Notes | 221 |
| Aggregate Discounted Receivables Balance | 216 | Class A Global Notes | 221 |
| Aggregate Outstanding Note Balance | 216 | Class A Noteholder | 221 |
| Aggregate PCP Handback Receivables Balance | 216 | Class A Noteholders | 78, 221 |
| Aggregate PCP/VT Receivables Balance | 216 | Class A Notes | 76, 221 |
| Aggregate VT Receivables Balance | 217 | Class A Outstanding Note Balance | 221 |
| Alternative Base Rate | 92 | Class B Definitive Notes | 221 |
| Ancillary Rights | 217 | Class B Global Note | 221 |
| Annual Percentage Rate | 217 | Class B Noteholder | 221 |
| Appointee | 217 | Class B Noteholders | 78, 221 |
| APR | 217 | Class B Notes | 76, 221 |
| Arranger | ix, 217 | Class B Outstanding Note Balance | 221 |
| Articles of Incorporation | 217 | Class C Definitive Notes | 221 |
| Auditors | 217 | Class C Global Note | 221 |
| Authorised Denomination | 72 | Class C Noteholder | 221 |
| Authorised Signatory | 217 | Class C Noteholders | 78, 221 |
| Authorised Third Party | 32 | Class C Notes | 76, 221 |
| auto-captives | 199 | Class C Outstanding Note Balance | 222 |
| Available Distribution Amount | 217 | Class Outstanding Note Balance | 222 |
| Available Post-Enforcement Funds | 56, 218 | Clean-Up Call Conditions | 51, 84, 222 |
| Back-Up Servicer Facilitator | 117, 218 | Clean-Up Call Option | 51, 84, 222 |
| BACS | 218 | Clean-Up Call Settlement Date | 51, 85, 222 |
| Bank Account Agreement | 218 | Clearing Systems | i, 222 |
| Bank Rate | 81 | Clearstream, Luxembourg | i, 77, 222 |
| Banking Act | 33 | COBS | xiii |
| Banking Day | 80, 218 | Code | 83, 90 |
| Base Rate Modification | 92 | Collection Account | 223 |
| Base Rate Modification Certificate | 93 | Collection Account A | 119, 222 |
| Basel III | 34 | Collection Account A Declaration of Trust | 222 |
| Basic Terms Modification | 89, 218 | Collection Account A Supplemental Declaration of Trust | 222 |
| Benefit | 219 | Collection Account B | 119, 222 |
| Block Voting Instruction | 97, 219 | Collection Account B Declaration of Trust | 222 |
| BMW | 197, 236 | Collection Account B Supplemental Declaration of Trust | 223 |
| BMW AG | 43, 220 | Collection Account Bank | 222 |
| BMW Dealers | 197 | Collection Account Beneficiary | 119, 223 |
| BMW FS | iv, 43 | Collection Account Beneficiary Share | 119, 223 |

| | | | |
|---|---------------|--|-------------------|
| Collection Account C | 119, 223 | Delinquency Percentage..... | 227 |
| Collection Account C Declaration of Trust.. | 223 | Delinquent Receivable | 227 |
| Collection Account C Supplemental Declaration of Trust | 223 | Determination Period | 85 |
| Collection Account Declaration of Trust..... | 223 | Direct Debit..... | 227 |
| Collection Account Trust Property..... | 119, 223 | Direct Debiting Arrangements | 227 |
| Collection Accounts | 119, 223 | Discount Rate..... | 227 |
| Collection Accounts Declarations of Trust.. | 119, 223 | Discounted Receivables Balance | 227 |
| Collections..... | 223 | Dispute | 227 |
| Co-Manager..... | 223 | distributor..... | xiii |
| Co-Managers | i, ix, 223 | DWF | 8 |
| Commingling Reserve..... | 224 | Early Amortisation Event..... | 227 |
| Commingling Reserve Account | 224 | Early Settlement Regulations..... | 23 |
| Commingling Reserve Excess Amount..... | 224 | ECB..... | 9 |
| Commingling Reserve Reduction Amount... | 224 | EEA..... | xiii, 228 |
| Commingling Reserve Required Amount62, | 224 | Electronic Consent | 102, 228 |
| Commingling Reserve Trigger Event..... | 224 | Eligibility Criteria | 41, 128, 228 |
| Commission's Proposal..... | 205 | Eligible Counterparty..... | 228 |
| Common Safekeeper | i, 9, 72, 225 | Eligible Person | 96, 228 |
| Common Service Provider | 225 | Eligible Receivable | 228 |
| Common Terms..... | 225 | Eligible Swap Counterparty | 228 |
| Companies Act | 4, 225 | Encumbrance | 229 |
| Company | 197 | Enforcement Notice | 86, 229 |
| Compounded Daily SONIA | 80, 225 | English Receivables | 229 |
| Concentration Limit | 130 | ESMA | iii |
| Conditions | 76, 225 | established..... | 206 |
| Conditions Precedent..... | 225 | EU Affected Investor | 31 |
| Consumer Credit Act..... | 220 | EU Benchmark Regulation | 229 |
| control..... | 216 | EU Benchmark Regulation | viii |
| Corporate Services Agreement..... | 225 | EU CRA Regulation | 229 |
| Corporate Services Provider..... | 226 | EU EMIR | 7, 90, 229 |
| Counterparty Downgrade Collateral Account | 226 | EU Insurance Distribution Directive..... | xiii |
| Courts | 100 | EU MiFID II | 229 |
| Covenant to Pay..... | 226 | EU MIFID II | xiii |
| COVID-19..... | 9 | EU PRIIPs Regulation | xiii, 229 |
| CRA..... | 25 | EU Prospectus Regulation | i, 229 |
| CRA Commencement Date | 25 | EU Risk Retention Requirements | iv, 65, 229 |
| CRA III..... | 7 | EU Securitisation Regulation..... | 229 |
| CRA III Effective Date..... | 7 | EU SR Investor Report | 229 |
| CRA15..... | 26 | EU SR Investor Reports..... | vi, 39, 106, 213 |
| CRD..... | 34 | EU SR Repository..... | vii, 39, 214, 230 |
| CRD IV | 34 | EU Treaties | xii, 230 |
| Credit and Collection Policy | 226 | EUR | xii, 230 |
| CRR..... | 34 | Euro..... | 230 |
| CSSF | i, 226 | Euroclear..... | i, 77, 230 |
| CTA..... | 226 | euros..... | xii |
| Cumulative Net Loss Ratio | 226 | Eurosystem Eligible Collateral | 9, 230 |
| Customer | 226 | Euro-zone..... | 230 |
| Customers..... | 59 | EUWA | 230 |
| Cut-Off Date..... | 226 | Excess Collection Amount..... | 230 |
| Data Protection Legislation | 226 | Excess Spread | 70, 230 |
| Data Trust Agreement | 226 | Exchange Date | 230 |
| Data Trustee | 226 | Exchange Event | 230 |
| Dealer | 226 | Excluded VAT Receivables Amount..... | 230 |
| Deed of Charge..... | i, 76, 226 | Expected Loss | 190 |
| default events..... | 34 | Exposure at Default..... | 190 |
| Default Interest..... | 81 | Extraordinary Resolution | 96, 102, 231 |
| Defaulted Receivable | 226 | FATCA | 90, 231 |
| Deferred Purchase Price | 227 | FATCA Compliant Entity..... | 231 |
| Definitive Notes | 74, 77, 227 | FATCA Deduction..... | 231 |
| | | FCA..... | 231 |
| | | Final Discharge Date..... | 231 |
| | | Financed Vehicle | 231 |

| | | | |
|--|--------------------|--|--------------------|
| Financed Vehicles | i | Issuer ICSD Agreement | 234 |
| Fitch..... | ii, 231 | Issuer Profit Amount..... | 234 |
| Fitch Rating Definitions | iii | Issuer Security Power of Attorney | 234 |
| FLA | 200 | Issuer Share..... | 119, 234 |
| flip clause | 228, 229 | Issuer Substitution Condition..... | 98 |
| Floating Charge | 21, 231 | Issuer Warranties | 234 |
| FLS | 8 | Issuer Warranty..... | 234 |
| Force Majeure Event | 231 | Joint Bookrunners | ix |
| foreign financial institution | 206 | Joint Lead Manager..... | 234 |
| foreign passthru payment | 206 | Joint Lead Managers | i, ix, 234 |
| foreign passthru payments..... | 206 | Legal Final Maturity Date..... | ii, 84, 234 |
| Form of Proxy | 231 | Legal Reservations..... | 234 |
| FOS | 24 | Liabilities | 234 |
| FSA | 231 | LIBOR | 235 |
| FSMA | xi, xiii, 209, 231 | Lloyds | i, 235 |
| FTT..... | 205 | Loss..... | 235 |
| GBP..... | xii, 231 | Loss Given Default | 190 |
| GDPR | 231 | LPA..... | 235 |
| Global Note | i, 76, 232 | Luxembourg..... | 235 |
| Governmental Authority..... | 232 | Luxembourg Listing Agent..... | 235 |
| grandfathered..... | 206 | Luxembourg Prospectus Law..... | i |
| guarantees..... | 59, 243 | Luxembourg Stock Exchange | i, 235 |
| guarantors | 59, 243 | Managers..... | i, 235 |
| <i>HMRC</i> | 205 | Managers Related Person..... | 17 |
| Holdings | 232 | Master Definitions Schedule | 235 |
| HSBC | i, 232 | Material Adverse Effect | 235 |
| ICSD..... | 232 | Meeting | 235 |
| ICSDs | 232 | Member State | 235 |
| IGAs | 206 | MINI | 197, 236 |
| ILTS | 8 | Minimum Denomination..... | 235 |
| Incorporated Terms Memorandum..... | 76, 232 | Modification Certificate..... | 91 |
| Increasing DiC..... | 27 | Monthly Investor Report..... | 107, 117, 214, 235 |
| Indemnified Receivable..... | 50, 110, 232 | Monthly Period | 235 |
| Indirect Participants..... | 72 | Moody's..... | ii, 235 |
| Initial Portfolio | 232 | Moody's Rating Definitions | iii |
| Initial Portfolio Purchase Price..... | 232 | Most Senior Class of Noteholders | 235 |
| Initial Portfolio Schedule..... | 232 | Most Senior Class of Notes..... | 88, 235 |
| Insolvency Act..... | 3, 232 | New Non-Sterling Account..... | 91 |
| Insolvency Event | 232 | New Safekeeping Structure..... | 235 |
| Insolvency Official | 233 | New Vehicle | 236 |
| Instalment | 233 | Non-BMW Receivables | 236 |
| Insurance Agreement..... | 233 | Non-Compliant Receivable..... | 49, 236 |
| Insurance Distribution Directive | 208 | Non-Compliant Receivable Repurchase Price | 49 |
| Interest Amount..... | 233 | Non-Compliant Receivables Repurchase Price | 236 |
| Interest Amounts | 82 | Non-Defaulted Receivables Losses..... | 236 |
| Interest Commencement Date | 81, 233 | Non-Permitted Variation..... | 118, 236 |
| Interest Determination Agent | 76, 233 | Non-Responsive Rating Agency | 100 |
| Interest Determination Date | 81, 233 | Note Certificate | 236 |
| Interest Period..... | ii, 79, 233 | Note Factor | 84, 236 |
| Interest Rate..... | 79, 233 | Note Principal Payment | 71, 84, 236 |
| Interest Rates | 79 | Noteholder | 236 |
| Interest Shortfall..... | 81, 233 | Noteholders | 236 |
| Investor Reporting Date | 234 | Notes | i, 76, 236 |
| Ipsa Facto Termination Provisions..... | 3 | Notice..... | 237 |
| Irrecoverable VAT | 234 | Notice Details | 237 |
| ISDA Calculation Agent..... | 234 | Notices Condition | 237 |
| Issue Date | i, 76, 234 | NSS | i, 235 |
| Issue Event of Default | 86 | Obligations..... | 237 |
| Issuer | i, 76, 234 | Observation Period..... | 81, 237 |
| Issuer Account..... | 234 | offer..... | 207 |
| Issuer Covenants..... | 234 | Offering Circular..... | 237 |
| Issuer Event of Default..... | 234 | | |

| | | | |
|--|------------------|---|-----------------|
| Operating Account | 237 | Receivables Warranties | 241 |
| Optional Repurchase Payment | 237 | Receiver | 241 |
| Ordinary Resolution | 96, 102, 237 | Record Date | 73 |
| Outstanding Note Balance | 237 | Records | 242 |
| Participants | 72 | Recoveries | 242 |
| participating Member States | 205 | Reducing DiC | 27 |
| Paying Agent | 76, 237 | Reference Rate | 48, 80, 81, 242 |
| Paying Agents | 237 | Reference Screen | 81, 242 |
| Payment Date | ii, 79, 237 | Register | 77, 242 |
| PCP Agreement | 238 | Registrar | 76, 242 |
| PCP Handback Receivable | 238 | Regulation S | 242 |
| PCP Residual Value | 238 | Regulatory Direction | 242 |
| PCP/VT Calculation Period | 238 | Related Collateral | i, 242 |
| PCP/VT Indemnification Amount | 238 | Related Underlying Agreement | 243 |
| PCP/VT Indemnification Date | 50, 110, 238 | Relevant Date | 86 |
| PCP/VT Indemnification Trigger | 238 | Relevant Day | 105 |
| PCS | viii, 238 | Relevant Entity | 232 |
| Perfection Event | 238 | Relevant Information | 18 |
| Perfection Event Notice | 238 | Relevant Margin | 81 |
| Performance Period | 13, 62, 115, 239 | Relevant Party | 234 |
| Performing Receivable | 239 | Relevant Screen | 99 |
| Permitted Investments | 239 | Relevant Time | 80 |
| Permitted Variations | 118, 239 | Relevant Transaction Documents | 243 |
| Permitted Withdrawal | 239 | Relevant Transaction Party | 243 |
| Person | 240 | Replacement Note | 243 |
| Personal Data | 240 | Replacement Notes | 99, 243 |
| Portfolio | 240 | Replacement Servicer | 243 |
| Portfolio Decryption Key | 240 | Replacement Swap Premium | 243 |
| Portfolio Information | 240 | Replenishment Account | 243 |
| Portfolio Purchase Price | 240 | Replenishment Available Amount | 243 |
| Post-Enforcement Priority of Payments | 240 | Reporting Date | 243 |
| Potential Issuer Event of Default | 240 | Required Cash Reserve Amount | 243 |
| pounds | xii | Requirement of Law | 243 |
| Pre-Enforcement Priority of Payments | 240 | Restructuring Plan | 4 |
| Preliminary Monthly Investor Report | 240 | retail investor | 207 |
| Preliminary Offering Circular | 240 | Retained Class C Notes | iv |
| Preliminary Portfolio | 40 | Retained Interest | iv |
| Principal Amount | 240 | Retained Profit Account | 244 |
| Principal Paying Agent | 73, 76, 240 | Reverse Charge | 244 |
| Priority of Payments | 52, 240 | Revolving Period | 45, 244 |
| Probability of Default | 190 | Right | 219 |
| Proceedings | 240 | Risk Retention U.S. Person | xi, 32 |
| Proposed Amendment | 16 | Risk Retention U.S. Persons | 32 |
| Proposer | 105 | Rolls-Royce | 197 |
| Provisions for Meetings of Noteholders | 240 | Royal Bank | 201 |
| proxy | 97, 220 | Santander | i, 244 |
| Proxy | 240 | Scheme | 4 |
| Purchase Date | 241 | Scottish Declaration of Trust | 244 |
| Purchased Receivable | 241 | Scottish Receivables | 244 |
| Purchased Receivables | i, 41 | Scottish Supplemental Charge | 244 |
| quoted Eurobonds | 205 | Scottish Trust | 244 |
| RAO | 21 | Scottish Trust Property | 244 |
| Rated Notes | ii, 241 | Scottish Vehicle Sales Proceeds | 244 |
| Rating Agencies | ii, 241 | Scottish Vehicle Sales Proceeds Floating Charge | 244 |
| Rating Agency Confirmation | 100, 241 | Scottish Vehicles | 244 |
| RBC Capital Markets | i | Secured Obligations | 244 |
| Realisation | 88, 241 | Secured Party | 244 |
| Reasonable Prudent Lender | 241 | Securities Act | x, 208, 244 |
| Receivable | 241 | Securitisation Regulation | 244 |
| Receivables Call Option | 241 | Securitisation Tax Regulations | 35 |
| Receivables Indemnity Amount | 49, 110, 241 | Security | 41, 244 |
| Receivables Purchase Agreement | 241 | | |

| | | | |
|---|--------------|--|------------------|
| Security Interest..... | 245 | Swap Floating Interest Rate | 248 |
| Security Protection Notice..... | 245 | Swap Incoming Cashflow | 248 |
| Seller..... | 245 | Swap Net Cashflow..... | 249 |
| Seller Covenants..... | 245 | Swap Notional Amount..... | 249 |
| Seller Power of Attorney | 245 | Swap Outgoing Cashflow | 249 |
| Seller Share | 119, 245 | Swap Termination Date | 249 |
| Seller Warranties | 245 | Tax Event..... | 85 |
| Seller's Group | 214 | Taxes..... | 86 |
| Service Pack Agreement..... | 245 | TFS | 8 |
| Service Pack Set-Off Amount | 245 | Transaction..... | i, 249 |
| Service Pack Set-Off Trigger Event | 245 | Transaction Documents | i, 249 |
| Servicer..... | 245 | Transaction Parties..... | 249 |
| Servicer Shortfall..... | 245 | Transaction Party | 90, 249 |
| Servicer Termination Event..... | 246 | Transfer Notice | 249 |
| Services | 112, 246 | Trust Corporation..... | 249 |
| Servicing Agreement..... | 41, 246 | Trust Deed..... | i, 76, 249 |
| Servicing Fee..... | 246 | Trust Documents..... | 249 |
| Set-Off Notice | 246 | Trust Property | 249 |
| Set-Off Reserve Account..... | 246 | Trustee | i, 76, 249 |
| Set-Off Reserve Excess Amount | 246 | Trustee Acts | 249 |
| Set-Off Reserve Loan..... | 63, 112, 246 | Trustee Liabilities | 250 |
| Set-Off Reserve Required Amount. 63, 112, 246 | | U.S. Risk Retention Rules..... | xi, 32, 250 |
| Set-Off Reserve Return Event..... | 246 | UK..... | xiii, 250 |
| Set-Off Reserve Shortfall Amount | 246 | UK Affected Investor..... | 31 |
| Set-Off Reserve Trigger Event..... | 246 | UK Benchmark Regulation..... | viii, 250 |
| Severe Deterioration Event..... | 245 | UK CRA | 7 |
| SF Base..... | 191 | UK CRA Regulation | 250 |
| Share Trust | 247 | UK EMIR..... | 7, 90, 250 |
| Share Trust Deed..... | 247 | UK GDPR | 250 |
| Share Trustee..... | 196, 247 | UK MiFID II..... | 250 |
| SONIA..... | 247 | UK MiFIR..... | xiii |
| SONIAi-5LBD | 81, 225 | UK MiFIR Product Governance Rules .. | xiii, 250 |
| Specified Office..... | 247 | UK PRIIPs Regulation..... | xiii, 250 |
| Specified Party | 247 | UK Risk Retention Requirements..... | iv, 250 |
| SPV Criteria | 247 | UK Securitisation Regulation | 250 |
| Standalone Moratorium | 3 | UK Securitisation Regulation Requirements .. | 91 |
| sterling..... | xii | UK SR Investor Report..... | 250 |
| Sterling | 231 | UK SR Investor Reports | v, 38, 106, 212 |
| STS | 31 | UK SR Repository | vi, 38, 214, 250 |
| STS Assessment | 32 | Underlying Agreement..... | 250 |
| STS Notification..... | 31, 247 | United Kingdom | xi, 209, 250 |
| STS Requirements | 31 | United States | 250 |
| STS Securitisation | vii, 40 | US Risk Retention Rules | 66 |
| Subordinated Lender | 247 | UTCC Regulations..... | 26 |
| Subordinated Loan | iv, 247 | UTR | 26 |
| Subordinated Loan Agreement..... | 247 | Value at Risk..... | 190 |
| Subordinated Loan Amount | 247 | Variation | 250 |
| Subscription Agreement | 47, 247 | VAT | 250 |
| Subsidiary..... | 247 | VAT Adjustment Amount..... | 251 |
| Substituted Obligor..... | 248 | VAT Group | 251 |
| Successor Trustee..... | 248 | VAT Grouping Legislation | 251 |
| Suitable Entity | 248 | VATA | 251 |
| Supplemental Collection Account Declaration of Trust | 248 | Vehicle Sales Proceeds | 251 |
| Supplemental Collection Account Declarations of Trust | 248 | Voluntarily Terminated Receivable | 251 |
| Swap Agreement | 46, 63, 248 | Voter | 251 |
| Swap Counterparty | 201, 248 | Voting Certificate..... | 96, 251 |
| Swap Fixed Interest Rate..... | 248 | WAL | 126 |
| | | Written Resolution | 251 |

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