

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

### **IMPORTANT NOTICES**

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

**IMPORTANT: You must read the following before continuing.** The following applies to the draft prospectus attached to this electronic transmission (the “**Prospectus**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

EXCEPT WITH THE EXPRESS WRITTEN CONSENT OF THE RETENTION HOLDERS IN THE FORM OF A U.S. RISK RETENTION WAIVER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY “U.S. PERSON” AS DEFINED IN THE U.S. RISK RETENTION RULES (“**RISK RETENTION U.S. PERSONS**”). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF “U.S. PERSON” IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF “U.S. PERSON” IN REGULATION S. EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL DISTRIBUTION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT (1) EITHER (I) IT IS NOT A RISK RETENTION U.S. PERSON OR (II) IT HAS OBTAINED A U.S. RISK RETENTION WAIVER, (2) IT IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IT IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THIS PROSPECTUS IS A PROSPECTUS FOR THE PURPOSES OF ARTICLE 6(3) OF EU REGULATION 2017/1129 AND ANY IMPLEMENTING LEGISLATION OR RULES RELATING THERETO. IT IS AN ADVERTISEMENT AND ACCORDINGLY INVESTORS SHOULD NOT SUBSCRIBE FOR NOTES EXCEPT ON THE BASIS OF INFORMATION IN THE FINAL PROSPECTUS. COPIES OF THE FINAL PROSPECTUS WILL, FOLLOWING PUBLICATION, BE AVAILABLE FROM THE REGISTERED OFFICE OF SMALL BUSINESS ORIGINATION LOAN TRUST 2019-3 DAC (THE “**ISSUER**”) SPECIFIED AT THE END OF THIS PROSPECTUS AND THE WEBSITE OF THE CENTRAL BANK OF IRELAND AND THE IRISH STOCK EXCHANGE PLC TRADING AS EURONEXT DUBLIN.

The Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person. In order to be eligible to view the Prospectus or make an investment decision with respect to the securities, investors must (i) not be U.S. persons (as defined in Regulation S). The Prospectus is being sent at your request and by accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not, nor are you acting for the account of, a U.S. person (within the meaning of (i) Regulation S under the Securities Act) and (ii) the U.S. Risk Retention Rules) and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2) (a) to (d) of the Financial Services and Markets Act (Financial Promotions) Order 2005 or a certified high net worth individual within Article 48 of the Financial Services and Markets Act (Financial Promotion) Order 2005.

The Prospectus is only being provided to you at your request as a general explanation of the structure of the transaction described therein and is not intended to constitute or form part of an offer to sell or an invitation or solicitation of an offer to sell the Notes described therein, nor shall it (or any part of it), or the fact of its distribution, form the basis of or be relied on in connection with any contract therefor.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus has been sent to you in the belief that you are (a) a person of the kind described in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise fall within an exemption set out in such Order so that Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer and (b) a person to whom the Prospectus can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return the Prospectus immediately.

This document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer nor the Transaction Parties or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, Citigroup Global Markets Limited and Deutsche Bank AG, London Branch.

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES  
**SMALL BUSINESS ORIGINATION LOAN TRUST 2019-3 DAC**

(incorporated with limited liability in Ireland under number 655533)

(the “*Issuer*”)

<b>Note Class</b>	<b>Initial Principal Amount (GBP)</b>	<b>Issue Price</b>	<b>Reference Rate</b>	<b>Relevant Margin</b>	<b>Pre-acceleration Redemption Profile</b>	<b>Final Maturity Date</b>	<b>Ratings (S&amp;P/Moody’s)</b>
A	165,006,000	100%	Compounded Daily SONIA	1.39 <i>per cent.</i> p.a.	Prior to the Sequential Amortisation Trigger Event, <i>pro-rata</i> redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption.	October 2028	AA (sf)/Aa3 (sf)
B	7,500,000	100%	Compounded Daily SONIA	2.00 <i>per cent.</i> p.a.	Prior to the Sequential Amortisation Trigger Event, <i>pro-rata</i> redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption.	October 2028	AA (sf)/A3 (sf)
C	22,501,000	100%	Compounded Daily SONIA	3.00 <i>per cent.</i> p.a.	Prior to the Sequential Amortisation Trigger Event, <i>pro-rata</i> redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption.	October 2028	A+ (sf)/Baa3 (sf)
D	26,251,000	100%	Compounded Daily SONIA	4.45 <i>per cent.</i> p.a.	Prior to the Sequential Amortisation Trigger Event, <i>pro-rata</i> redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption.	October 2028	BBB+ (sf)/Ba3 (sf)
E	16,251,000	100%	Compounded Daily SONIA	5.85 <i>per cent.</i> p.a.	Prior to the Sequential Amortisation Trigger Event, <i>pro-rata</i> redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption.	October 2028	Unrated
X	12,500,000	100%	Compounded Daily SONIA	4.80 <i>per cent.</i> p.a.	Prior to and following the Sequential Amortisation Trigger Event, redemption out of interest in accordance with the Pre-Acceleration Interest Priority of Payments. On and following the Sequential Amortisation Trigger Event, sequential pass through redemption out of principal.	October 2028	Unrated
Z	12,500,000	100%	N/A	Variable interest amount	Prior to the Sequential Amortisation Trigger Event, <i>pro-rata</i> redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption.	October 2028	Unrated

The date of this document is 26 November 2019.

Arranger

**Citigroup**

Joint Lead Managers

**Citigroup**

**Deutsche Bank AG,  
London Branch**

Closing Date .....	On or around 27 November 2019, or such later date agreed between the Issuer and the Arranger and notified to Funding Circle.
Stand-alone/programme issuance .....	Stand-alone issuance.
Underlying Assets.....	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and interest on a portfolio of Loans originated through the Funding Circle Platform which will be purchased by the Issuer from (i) Great Trinity Lending 1 Designated Activity Company (“ <b>Great Trinity</b> ” and a “ <b>Seller</b> ”) and (ii) Glencar Investments XI Designated Activity Company (“ <b>Glencar XI</b> ”, a “ <b>Seller</b> ” and, together with Great Trinity, the “ <b>Sellers</b> ”) on the Closing Date (the “ <b>Loan Portfolio</b> ”). Please refer to the section entitled “ <i>The Loan Portfolio</i> ” for further information.
Cashflows .....	Citibank, N.A., London Branch has agreed to act as Cash Manager and Calculation Agent and as Principal Paying Agent in respect of the Transaction. Please refer to the section entitled “ <i>Cashflows and Cash Management</i> ” for further information.
Credit Enhancement .....	<ul style="list-style-type: none"> <li>• Subordination of junior ranking Notes;</li> <li>• except in the case of the Class X Notes, the Class E Notes and the Class Z Notes, Cash Reserve Account; and</li> <li>• excess Available Interest Proceeds.</li> </ul> <p>Please refer to section entitled “<i>Key Structural Features</i>” for further information.</p>
Liquidity Support.....	<ul style="list-style-type: none"> <li>• Liquidity Reserve Account; and</li> <li>• Application of amounts otherwise constituting Available Principal Proceeds as Available Interest Proceeds.</li> </ul> <p>Please refer to section entitled “<i>Key Structural Features</i>” for further information.</p>
Redemption Provisions on the Notes.....	Information on any optional and mandatory redemption of the Notes is detailed in the section entitled “ <i>Overview of the Terms and Conditions of the Notes</i> ” and is set out in full in Condition 8 ( <i>Redemption</i> ).
Benchmarks .....	<p>Interest payable under the Notes (other than the Class Z Notes) are calculated by reference to SONIA. As at the date of this Prospectus, the administrator of SONIA is not included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the “<b>Benchmarks Regulation</b>”).</p> <p>As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Bank of England is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
Credit Rating Agencies.....	<p>S&amp;P Global Ratings Europe Limited (“<b>S&amp;P</b>”) and Moody’s Investors Service Limited (“<b>Moody’s</b>”) and together with S&amp;P, the “<b>Rating Agencies</b>”).</p> <p>As of the date hereof, each of S&amp;P and Moody’s is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended, of the European Parliament and of the</p>

Council of 16 September 2009 on credit rating agencies (the “**CRA Regulation**”).

As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website (at [www.esma.europa.eu/page/list-registered-and-certified-CRAs](http://www.esma.europa.eu/page/list-registered-and-certified-CRAs)) in accordance with the CRA Regulations. For the avoidance of doubt, this website and the contents thereof do not form part of this document. Please refer to the section entitled “*Certain Regulatory Disclosures – Credit Rating Agency Regulation*” for further information.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Credit Ratings ..... Ratings are expected to be assigned to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (the “**Rated Notes**”) as set out above on or before the Closing Date. The Class E Notes, the Class X Notes and the Class Z Notes will not be rated.

The ratings reflect the views of the Rating Agencies and are based on the Purchased Loan Receivables and the structural features of the Transaction.

The ratings to be assigned on the Closing Date by the Rating Agencies address the likelihood of: (i) timely payment of interest due to Noteholders in relation to the Class A Notes on each Note Payment Date and ultimate payment of interest due to Noteholders in relation to the Class B Notes, the Class C Notes and the Class D Notes; and (ii) full payment of principal due to holders of the Rated Notes by a date that is not later than the Final Maturity Date.

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

Listing ..... This document has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Central Bank only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to the official list (the “**Official List**”) and to trading on its regulated market. References in this document to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on Euronext Dublin’s regulated market. To the extent required, a copy of this document will be filed with the Companies Registration Office in Ireland.

STS Securitisation ..... The Transaction is intended to qualify as a simple, transparent and standardised (“**STS**”) securitisation within the meaning of article 18 of the Securitisation Regulation.

Within 15 Business Days of the Closing Date, it is intended that the Retention Holders, as originators, will jointly submit a notification to the European Securities and Markets Association (“**ESMA**”) in accordance with Article 27 of the Securitisation Regulation that the requirements of Articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to the Transaction (the “**STS Notification**”), such notification to be included in the list published by ESMA referred to in Article 27(5) of the Securitisation Regulation. It is expected that the STS Notification will be available on the website of ESMA (<https://www.esma.europa.eu/policy-activities/securitisation/simpletransparent-and-standardised-stssecuritisation>) (the “**ESMA STS Register website**”). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

The STS status of the Notes is not static and investors should verify the current status on the ESMA STS Register website, which will be updated where the Notes are no longer considered to be STS following a decision of competent authorities or a notification by the Retention Holders.

The Retention Holders have used the services of Prime Collateralised Securities (PCS) UK Limited (“**PCS**”), as a verification agent authorised under article 28 of the Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of articles 19 to 22 of the Securitisation Regulation (the “**STS Verification**”) and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 of the CRR and Article 13 of the LCR Regulation (together with the STS Verification, the “**STS Assessment**”). It is expected that the STS Assessment prepared by PCS will be available on the PCS website (<https://www.pcsmarket.org/sts-verificationtransactions/>) together with a detailed explanation of its scope at <https://www.pcsmarket.org/disclaimer>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. **No assurance can be provided that the Transaction does or continues to qualify as an STS securitisation under the Securitisation Regulation on the Closing Date nor at any point in time in the future.** None of the Issuer, the Retention Holders, the Arranger, the Joint Lead Managers or any other party to the Transaction Documents makes any representation or accepts any liability for the Transaction to qualify as an STS securitisation under the Securitisation Regulation on the Closing Date nor at any point in time in the future. For further information please refer to: “*Risk Factors – Regulatory, taxation and legal risks – Qualifying as an STS Securitisation under the Securitisation Regulation*”.

Obligations .....	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of any Transaction Party other than the Issuer.
EU Retention Undertaking .....	Funding Circle Ltd and Glencar Investments XI Designated Activity Company (each a “ <b>Retention Holder</b> ” and, together, the “ <b>Retention Holders</b> ”), acting as “originators” for the purposes of Article 2(3) of the Securitisation Regulation will, for the life of the Transaction, retain a cumulative material net economic interest of not less than five (5) <i>per cent.</i> in the securitisation in accordance with Article 6 of Regulation (EU) 2017/2402 (together with any regulatory and implementing technical standards supplementing such regulation from time to time and official guidance related thereto, the “ <b>Securitisation Regulation</b> ”). As at the Closing Date, such interest will comprise the Retention Holders cumulatively holding no less than five (5) <i>per cent.</i> of the nominal value of each class of Notes sold or transferred to investors on the Closing Date (the “ <b>Minimum Retained Amount</b> ”), as required by Article 6(1) of the Securitisation Regulation. The Retention Holders will subscribe for and hold, (i) in the case of Funding Circle, 51 <i>per cent.</i> of the Minimum Retained Amount, and (ii) in the case of Glencar XI, 49 <i>per cent.</i> of the Minimum Retained Amount, being, in each case, a <i>pro rata</i> holding by reference to the Aggregate Collateral Principal Balance of the Purchased Loan Receivables in respect of which they respectively act as originator (their “ <b>Origination Percentage</b> ”). Each Retention Holder will severally covenant to hold its Origination Percentage of the Minimum Required Amount (and will not provide any representation, warranty, covenant or other assurance as to the holding by the other Retention Holder of its own Origination Percentage of the Minimum Required Amount). Any change to the manner in which such interest is held will be notified to the Noteholders in the Investor Reports and in accordance with the provisions of Article 7 of the Securitisation Regulation. Please refer to the sections entitled “ <i>Certain Regulatory Disclosures</i> ” and “ <i>Subscription and Sale</i> ” for further information.
The Volcker Rule.....	The Issuer has been structured so as to not be, now and after giving effect to any offering and sale of Notes and the application of the proceeds thereof will not be, a “covered fund” for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the “ <b>Volcker Rule</b> ”). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the “ <b>Investment Company Act</b> ”) and under the Volcker Rule may be available, the Issuer has relied on the determinations that (i) it may rely on an exemption from registration under Rule 3a-7 of the Investment Company Act and (ii) it was structured so as not to constitute a “covered fund” for the purposes of the Volcker Rule. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.
Significant Investors .....	The Retention Holders will, on the Closing Date, cumulatively purchase at least 5 <i>per cent.</i> of the nominal value of each of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class X Notes, and Class Z Notes, in accordance with the risk retention requirements as described above.  In addition, it is expected that on the Closing Date, the Retention Holders will also acquire from the Issuer the remainder of the Class E Notes, the Class X Notes and the Class Z Notes (in percentages as agreed among themselves) giving one or both Retention Holders a

holding of sufficient Class E Notes, Class X Notes and Class Z Notes to allow it to pass or block Noteholder resolutions of such Classes of Notes. Therefore, no assurance can be given that any other Noteholder of such Classes of Notes will have influence to block or pass certain Noteholder resolutions.

Withholding tax ..... No gross-up of any payments to the Noteholders in respect of amounts deducted from or withheld for or on account of Tax in relation to the Notes is required of the Issuer.

ERISA Considerations..... Each purchaser or transferee of a Rated Note or any beneficial interest therein will be deemed to represent, for so long as it holds such Rated Note or any interest therein, either that (i) it is not and is not acting on behalf of, or using assets of, an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, any "plan" (as defined in Section 4975(E)(1) of the Code) that is subject to Section 4975 of the Code, an entity that is deemed to hold plan assets of any of the foregoing by virtue of such employee benefit plan's or plan's investment in the entity (each, a "**Benefit Plan**") or a governmental, non-U.S. or church plan that is subject to any U.S. federal, state, local or other law that is substantially similar to the foregoing provisions of ERISA or the Code ("**Similar Law**") or (ii) its acquisition, transfer and holding of such Rated Note or any interest therein will not constitute or otherwise result in a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code because its acquisition, transfer and holding of such Rated Note or any interest therein qualifies for relief under the provisions of prohibited transaction class exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 (collectively, the "**Investor-Based Exemptions**") or the statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, or in the case of a governmental, non-U.S. or church plan subject to Similar Law, its acquisition, transfer and holding of such Note or any interest therein will not result in a non-exempt violation of Similar Law.

Each purchaser or transferee of a Class E Note, Class X Note or Class Z Note (an "**Unrated Note**") or any interest therein (other than Glencar XI and its affiliates) will be required to represent and warrant that it is not, and for so long as it holds such Unrated Note or any interest therein will not be, a Benefit Plan, a governmental, non U.S. or church plan that is subject to Similar Law or any Person acting on behalf of or using assets of, a Benefit Plan or a governmental, non-U.S. or church plan that is subject to Similar Law.

The Issuer expects that, on the Closing Date and during periods following the Closing Date, the assets of Glencar XI will, and the assets of the Issuer may, be considered "plan assets" for purposes of ERISA, and Waterfall Asset Management, LLC ("**Waterfall**"), in its capacity as the investment manager of Waterfall Victoria Master Fund, Ltd., will be considered an ERISA fiduciary with respect to Glencar XI and, during any periods when the assets of the Issuer are considered "plan assets", with respect to the Issuer. Waterfall will be relying on the so-called "ERISA QPAM Exemption" to allow the sale of the Notes to so-called "parties in interest" to the employee benefit plans that have an interest in the Issuer during any periods when the assets of the Issuer are considered "plan assets". It is very important that each potential investor studies the section entitled "*ERISA 'Plan Asset' Status of the Issuer*" and is able to make the representations discussed in that section. Certain persons who are related to Waterfall or who are related to the employee benefit plans that have an interest in the Issuer during any periods when the assets



of the Issuer are considered “plan assets” could, by investing in the Notes, engage in a non-exempt prohibited transaction under ERISA and the Internal Revenue Code and could be liable for substantial excise taxes and other penalties and liabilities under the ERISA and the Internal Revenue Code. In addition, the fiduciary or fiduciaries of the employee benefit plans that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Internal Revenue Code. For further information regarding the ERISA considerations involved in investing in the Notes, see “*ERISA Considerations Applicable to All Investors Whether or Not They Are Benefit Plans*” in this Prospectus

## RESPONSIBILITY FOR INFORMATION

The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance is or can be given by the Arranger, the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar or anyone other than the Issuer (save as outlined below) as to the adequacy, accuracy or completeness of such information and this Prospectus does not constitute and shall not be construed as any representation or warranty by the Arranger, the Joint Lead Managers or the Trustee or anyone other than the Issuer (save as outlined below) as to the adequacy, accuracy or completeness of such information contained herein. None of the Arranger, the Joint Lead Managers or the Trustee or anyone other than the Issuer has independently verified any of the information contained herein (financial, legal or otherwise) and in making an investment decision, investors must rely on their own examination of the terms of this Prospectus, including the merits and risks involved. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor shall not be entitled to, and must not rely on, this Prospectus unless it was furnished to such prospective investor directly by the Issuer, the Arranger and the Joint Lead Managers.

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

Where third party information has been used in this Prospectus, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. As far as the Issuer is aware and able to ascertain from the information published by such third party sources, this information has been accurately reproduced and no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

Glencar Investments XI Designated Activity Company ("**Glencar XI**", a "**Retention Holder**" and a "**Seller**") accepts responsibility for the information set out in (i) the sub-section entitled "*Glencar Investments XI Designated Activity Company*" in the section entitled "*The Subordinated Loan Providers, Retention Holders and Reporting Agent*" and (ii) the sub-section entitled "*Glencar Investments XI Designated Activity Company*" in the section entitled "*The Sellers*". To the best of Glencar XI's knowledge, the information contained in such sections is in accordance with the facts and such sections make no omission likely to affect its import. No representation, warranty or undertaking, expressed or implied, is made, and no responsibility or liability is accepted by Glencar XI as to the accuracy or completeness of any information contained in this document (other than the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Citibank, N.A., London Branch (the "**Cash Manager and Calculation Agent**", the "**Issuer Account Bank**", the "**Principal Paying Agent**" and the "Trustee") and Citigroup Global Markets Europe AG (the "**Registrar**") accept responsibility for the information set out in the section entitled "*The Cash Manager and Calculation Agent, the Issuer Account Bank, the Principal Paying Agent, the Registrar and the Trustee*". To the best of Citibank, N.A., London Branch's and Citigroup Global Markets Europe AG's knowledge, the information contained in such section is in accordance with the facts and such section makes no omission likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Citibank, N.A., London Branch and Citigroup Global Markets Europe AG to the accuracy or completeness of any information contained in this document (other than the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Funding Circle Ltd (“**Funding Circle**”) has provided and accepts responsibility for the information set out in the sections entitled “*The Servicing and Collection Agent and the Funding Circle Platform*”, “*Funding Circle Trustee Limited*”, “*The Loan Portfolio – The Loan Portfolio Selection*”, “*The Loan Portfolio – The Loan Portfolio*” and in the sub-section entitled “*Funding Circle Ltd*” in the section entitled “*The Retention Holders, the Subordinated Loan Providers and Reporting Agent*”. To the best of Funding Circle’s knowledge, the information contained in such sections is in accordance with the facts and such sections make no omission likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Funding Circle as to the accuracy or completeness of any information contained in this document (other than the sections referred to above) or any other information supplied in connection with the Notes or their distribution. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Funding Circle Trustee Limited (“**FCTL**”) as to the accuracy or completeness of any information contained in this document or any other information supplied in connection with the Notes or their distribution.

Great Trinity Lending 1 Designated Activity Company (“**Great Trinity**” and a “**Seller**”) accepts responsibility for the information set out in the sub-section entitled “*Great Trinity Lending 1 Designated Activity Company*” in the section entitled “*The Sellers*”. To the best of Great Trinity’s knowledge, the information contained in such section is in accordance with the facts and such section makes no omission likely to affect its import. No representation, warranty or undertaking, expressed or implied, is made, and no responsibility or liability is accepted by Great Trinity as to the accuracy or completeness of any information contained in this document (other than the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Link Financial Outsourcing Limited (the “**Back-Up Servicing and Collection Agent**”) has provided and accepts responsibility for the information set out in the section entitled “*The Back-Up Servicing and Collection Agent*”. To the best of the Back-Up Servicing and Collection Agent’s knowledge, the information contained in such section is in accordance with the facts and such section makes no omission likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Back-Up Servicing and Collection Agent as to the accuracy or completeness of any information contained in this document (other than the section referred to above) or any other information supplied in connection with the Notes or their distribution.

NatWest Markets Plc in its capacity as the Interest Rate Cap Provider (the “**Interest Rate Cap Provider**”) has provided and accepts responsibility for the information set out in the section entitled “*The Interest Rate Cap Provider*”. To the best of the Interest Rate Cap Provider’s knowledge, the information contained in such section is in accordance with the facts and such section makes no omission likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Interest Rate Cap Provider as to the accuracy or completeness of any information contained in this Prospectus (other than the section referred to above) or any other information supplied in connection with the Notes or their distribution.

## DISCLAIMER

Except as otherwise stated above, none of the Arranger, the Joint Lead Managers, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, FCTL, Funding Circle, the Sellers, the Reporting Agent, the Retention Holders or the Trustee makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this document or part thereof or any other information provided by the Issuer in connection with the Notes. Except as otherwise stated above, none of the Arranger, the Joint Lead Managers, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, FCTL, Funding Circle, the Sellers, the Reporting Agent, the Retention Holders or the Trustee accepts any liability in relation to the information contained in this document or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this document or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. Except as otherwise stated above, none of the Arranger, the Joint Lead Managers, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, FCTL, Funding Circle, the Sellers, the Reporting Agent, the Retention Holders or the Trustee undertakes or shall undertake 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 the Arranger, the Joint Lead Managers, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, FCTL, Funding Circle, the Sellers, the Reporting Agent, the Retention Holders or the Trustee.

The information on the Transaction Documents contained in this document are an overview of the material terms of such Transaction Documents. The overviews do not purport to be complete and are subject to the provisions of the respective Transaction Documents. See further the sections entitled “*Certain Transaction Documents*”, “*Listing and General Information*” and “*Terms and Conditions of the Notes*”.

### OFFER/INVITATION/DISTRIBUTION RESTRICTIONS

The Issuer is a designated activity company limited by shares. This document does not constitute an invitation to the public within the meaning of the Irish Companies Act 2014 (as amended) (the “**Companies Act**”) to subscribe for any Notes.

The distribution of this document, or any part thereof, and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this document as a prospectus for the purposes of Article 6(3) of the Prospectus Regulation by the Central Bank (it being understood that such approval alone will not permit a public offering of the Notes), no action will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all Applicable Laws and regulations. Persons into whose possession this document comes are required by the Issuer, Citigroup Global Markets Limited as the Arranger (the “**Arranger**”) and as a Joint Lead Manager (a “**Joint Lead Manager**”) and Deutsche Bank AG, London Branch as a Joint Lead Manager (a “**Joint Lead Manager**”, together with Citigroup Global Markets Limited, the “**Joint Lead Managers**”), to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this document (or any part hereof), see the section entitled “*Subscription and Sale*” below.

Neither the delivery of this document nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this document since the date of this document.

### UNITED STATES DISTRIBUTION RESTRICTIONS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE 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 AND ANY APPLICABLE STATE OR FEDERAL SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN AND PURSUANT TO REGULATION S). FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE THE SECTION ENTITLED “*TRANSFER RESTRICTIONS*”.

EXCEPT WITH THE EXPRESS WRITTEN CONSENT OF THE RETENTION HOLDERS IN THE FORM OF A U.S. RISK RETENTION WAIVER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 1.20 OF THE U.S. RISK RETENTION RULES, THE NOTES MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSON THAT IS A RISK RETENTION U.S. PERSON. PURCHASERS OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL DISTRIBUTION OF THE NOTES, BY THEIR ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT EACH PURCHASER (1) EITHER (I) IS NOT A RISK RETENTION U.S. PERSON OR (II) HAS OBTAINED A U.S. RISK RETENTION WAIVER, (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 A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK

RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION \_\_.20 OF THE U.S. RISK RETENTION RULES). PLEASE REFER TO THE SECTION ENTITLED “*RISK FACTOR – SOME IMPORTANT LEGAL AND REGULATORY CONSIDERATIONS - U.S. RISK RETENTION RULES*” FOR MORE DETAILS.

### **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 RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA (“**EEA**”). FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “**MIFID II**”) OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II, OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS REGULATION). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “**PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

### **MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET**

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 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 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.

### **STS SECURITISATION**

The Transaction is intended to qualify as a simple, transparent and standardised securitisation within the meaning of article 18 of the Securitisation Regulation. Within 15 Business Days of the Closing Date, it is intended that the Retention Holders, as originators, will jointly submit a notification to the European Securities and Markets Association (“**ESMA**”) in accordance with Article 27 of the Securitisation Regulation that the requirements of Articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to the Transaction (the “**STS Notification**”), such notification to be included in the list published by ESMA referred to in Article 27(5) of the Securitisation Regulation. It is expected that the STS Notification will be available on the website of ESMA (<https://www.esma.europa.eu/policy-activities/securitisation/simpletransparent-and-standardised-stssecuritisation>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. The Retention Holders have used the service of Prime Collateralised Securities (PCS) UK Limited (“**PCS**”), as a verification agent authorised under article 28 of the Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of articles 19 to 22 of the Securitisation Regulation (the “**STS Verification**”) and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 of the CRR and Article 13 of the LCR Regulation (together with the STS Verification, the “**STS Assessment**”). It is expected that the STS Assessment prepared by PCS will be available on the PCS website (<https://www.pcsmarket.org/sts-verificationtransactions/>) together with a detailed explanation of its scope at <https://www.pcsmarket.org/disclaimer>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. **No assurance can be provided that the Transaction does or continues to qualify as an STS securitisation under the Securitisation Regulation on the Closing Date nor at any point in time in the future.** None of the Issuer, the Retention Holders, the Arranger, the Joint Lead Managers or any other party to the Transaction Documents makes any representation or accepts any liability for the Transaction to

qualify as an STS securitisation under the Securitisation Regulation on the Closing Date nor at any point in time in the future. For further information please refer to: “*Risk Factors – Regulatory, taxation and legal risks – Qualifying as an STS Securitisation under the Securitisation Regulation*”.

## ERISA

NO TRANSFER OF A RATED NOTE OR ANY INTEREST THEREIN WILL BE MADE TO ANY “EMPLOYEE BENEFIT PLAN” (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”)) THAT IS SUBJECT TO TITLE I OF ERISA, ANY “PLAN” (AS DEFINED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”)) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY THAT IS DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY VIRTUE OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A “**BENEFIT PLAN**”), ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO ANY UNITED STATES FEDERAL, STATE, LOCAL OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FOREGOING PROVISIONS OF ERISA OR THE CODE (“**SIMILAR LAW**”) OR TO ANY PERSON PURCHASING OR HOLDING SUCH NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, ANY BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW, IF ANY SUCH TRANSFER WILL RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN, A NON-EXEMPT VIOLATION OF SIMILAR LAW. ACCORDINGLY, BY ACQUIRING A RATED NOTE OR INTEREST THEREIN, EACH PURCHASER OR TRANSFEREE OF A RATED NOTE WILL BE DEEMED TO REPRESENT AND WARRANT THAT, FOR SO LONG AS IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN, EITHER (I) IT IS NOT AND IS NOT ACTING ON BEHALF OF, OR USING ASSETS OF, A BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW OR (II) ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BECAUSE ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN QUALIFIES FOR RELIEF UNDER THE PROVISIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION (“**PTCE**”) 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR THE STATUTORY EXEMPTION UNDER SECTION 408(B)(17) OF ERISA AND SECTION 4975(D)(20) OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW, ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN WILL NOT RESULT IN A NON-EXEMPT VIOLATION OF SIMILAR LAW.

EACH PURCHASER OR HOLDER OF A RATED NOTE OR ANY INTEREST THEREIN THAT IS A BENEFIT PLAN WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (1) NONE OF THE ISSUER, GLENCAR XI, WATERFALL, FUNDING CIRCLE, THE ARRANGER, THE JOINT LEAD MANAGERS, THE PRINCIPAL PAYING AGENT, THE CASH MANAGER AND CALCULATION AGENT, THE REGISTRAR, FCTL, THE REPORTING AGENT OR THE TRUSTEE (THE “**ERISA TRANSACTION PARTIES**”) WILL BE MAKING AN INVESTMENT RECOMMENDATION OR PROVIDING INVESTMENT ADVICE ON WHICH BENEFIT PLAN OR THE FIDUCIARY OR OTHER PERSON WITH INVESTMENT RESPONSIBILITIES OVER THE ASSETS OF SUCH BENEFIT PLAN CONSIDERING AN INVESTMENT IN A RATED NOTE OR INTEREST THEREIN (THE “**PLAN FIDUCIARY**”) WILL RELY IN CONNECTION WITH THE DECISION TO ACQUIRE SUCH RATED NOTE OR INTEREST THEREIN, AND NONE OF THE ERISA TRANSACTION PARTIES IS ACTING AS A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE) TO SUCH BENEFIT PLAN IN CONNECTION WITH THE BENEFIT PLAN'S ACQUISITION OF THE RATED NOTE OR INTEREST THEREIN (UNLESS AN APPLICABLE PROHIBITED TRANSACTION EXEMPTION IS AVAILABLE TO COVER THE PURCHASE OR HOLDING OF SUCH RATED NOTE OR INTEREST THEREIN, OR THE TRANSACTION IS NOT OTHERWISE PROHIBITED), AND (2) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THE RATED NOTE OR INTEREST THEREIN.

NO TRANSFER OF A CLASS E NOTE, CLASS X NOTE OR CLASS Z NOTE (EACH, AN “UNRATED NOTE”) OR ANY INTEREST THEREIN WILL BE MADE TO ANY BENEFIT PLAN, ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO ANY SIMILAR LAW OR ANY PERSON PURCHASING OR HOLDING SUCH UNRATED NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, ANY BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH

PLAN SUBJECT TO SIMILAR LAW (OTHER THAN GLENCAR XI OR ITS AFFILIATES). ACCORDINGLY, EACH PURCHASER OR TRANSFEREE OF AN UNRATED NOTE OR INTEREST THEREIN (OTHER THAN GLENCAR XI OR ITS AFFILIATES) WILL BE REQUIRED TO REPRESENT AND WARRANT THAT, FOR SO LONG AS IT HOLDS SUCH UNRATED NOTE OR INTEREST THEREIN, IT IS NOT AND IS NOT ACTING ON BEHALF OF, OR USING ASSETS OF, A BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW.

### UNAUTHORISED INFORMATION

No person has been authorised to give any information or to make any representation other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Arranger, the Joint Lead Managers or the Transaction Parties. The delivery of this document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

This document does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this document or any part hereof and any offering of the Notes in certain jurisdictions may be restricted by law. No action has been taken by the Issuer, the Arranger or the Joint Lead Managers other than as set out in the paragraph entitled “*Listings*” on page v of this document that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any part hereof nor any other prospectus, prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom and Ireland), except in circumstances that will result in compliance with Applicable Laws, orders, rules and regulations.

Neither the Arranger, the Joint Lead Managers nor the Transaction Parties makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

### INFORMATION AS TO PLACEMENT

The Notes will be represented by Global Notes which are expected to be deposited with a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking *société anonyme* (“**Clearstream, Luxembourg**”) and registered in the name of a nominee of the Common Safekeeper on the Closing Date.

The Notes are intended upon issue to be held in a manner which will allow the European System of Central Banks (as the term is used in the Governing Council of the European Central Bank) (“**Eurosystem**”) eligibility. This means that the Notes are intended to be deposited with one of Euroclear and/or Clearstream, Luxembourg (each an “**ICSD**” and together the “**ICSDs**”) as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank (the “**ECB**”) being satisfied that all Eurosystem eligibility has been met (and, for the avoidance of doubt, such Eurosystem eligibility is not, as at the Closing Date, expected to be satisfied by any Notes that give rise to rights to principal and/or interest that are subordinated to the rights of holders of any other Notes).

### CURRENCIES

In this document, unless otherwise specified, references to “**euro**”, “**EUR**” and “**€**” are to the lawful currency of Member States of the European Union that adopt the single currency in accordance with the Treaty on European Union, as amended and references to “**Sterling**”, “**pound**”, “**£**” and “**GBP**” are to the lawful currency of the United Kingdom.

### FORWARD-LOOKING STATEMENTS AND STATISTICAL INFORMATION

Certain matters contained in this document are forward-looking statements. Such statements appear in a number of places in this document, including with respect to assumptions on prepayment and certain other characteristics of the Purchased Loan Receivables, and reflect significant assumptions and subjective judgments by the Issuer

that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes. This document also contains certain tables and other statistical analyses (the “**Statistical Information**”). Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information’s accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Arranger, the Joint Lead Managers, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, the Trustee, the Issuer Account Bank, Funding Circle, FCTL, the Retention Holders, the Reporting Agent or the Sellers has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Arranger, the Joint Lead Managers, the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, the Trustee, the Issuer Account Bank, Funding Circle, FCTL, the Retention Holders, the Reporting Agent or the Sellers assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

### **IRISH REGULATORY POSITION**

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank. The Issuer is not regulated by the Central Bank by virtue of the issue of the Notes.

### **EU RETENTION REQUIREMENTS**

Each Retention Holder will severally represent and undertake to acquire and hold its Origination Percentage of the Minimum Retained Amount on the terms set out in the Master Framework Agreement.

Each prospective investor in the Notes is required to independently assess and determine whether the information provided herein and in any reports provided to investors in relation to this transaction are sufficient to comply with the Securitisation Regulation or any other regulatory requirement. Notwithstanding anything to the contrary herein, none of the Arranger, the Joint Lead Managers or the Transaction Parties, their respective Affiliates, corporate officers or professional advisers or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose and no such person 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 hereby to satisfy the Securitisation Regulation or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes who is subject to the Securitisation Regulation or any other regulatory requirement should consult with its own legal, accounting, regulatory and other advisers and/or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and any other requirements of which it is uncertain. See further the sections entitled “*Some Important Legal and Regulatory Considerations – Regulatory Initiatives*” “– *The Securitisation Regulation, the CRR Amendment Regulation and other applicable regulations*”, “*Certain Regulatory Disclosures*” and “*The Retention Holders, the Subordinated Loan Providers and the Reporting Agent*” below.

### **NO STABILISATION**

In connection with the issue of the Notes, no stabilisation will take place and neither the Arranger nor the Joint Lead Managers will be acting as stabilising manager in respect of the Notes.



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## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*These factors are limited to risks which are specific to (a) the Issuer and/or (b) to the Notes and which the Issuer believes may be material for the purpose of taking an informed investment decision with respect to the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.*

*In each category of factors set out below, the Issuer believes that each factor included in each category of factors is material, with the most material in each category (based on the Issuer's assessment of the probability of its occurrence and the expected magnitude of its negative impact) being described first in each category.*

*Noting the points set out above by the Issuer with respect to its assessment of the level, order of materiality and potential of occurrence of the risks set out below, prospective investors should nevertheless also carefully read the information set out below and read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Risks related to the Notes**

#### *Notes obligations of Issuer only*

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer). In particular, the Notes will not be obligations of, and will not be guaranteed by, the Arranger, the Joint Lead Managers, the Servicing and Collection Agent, the Sellers, the Security Holders, the Retention Holders, the Trustee, the Agents or any other person. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### *Limited source of funds*

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on Loan Receivable Proceeds, interest earned on the Issuer Accounts, amounts standing to the credit of the Cash Reserve Account and the Liquidity Reserve Account and amounts received under the Interest Rate Cap, if any. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments. In addition and as the case may be, negative interest might also be charged by the Issuer Account Bank on funds maintained on the Issuer Accounts. If available funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. Following enforcement of the Security, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full. The Issuer will rely on the purchase and payment obligations of Funding Circle in respect of the Funding Circle Warranties, and the Sellers in respect of the Seller Asset Warranty, in each case as set out in the Receivables Sale and Assignment Agreement. For further details, see the section entitled “*Overview - Credit Structure and Cashflow*”.

#### *Credit enhancement limitations*

Credit enhancement for the Notes will be provided by the excess Available Interest Proceeds and, in the case of the Rated Notes, amounts on deposit in the Cash Reserve Account. In addition, following a Sequential Amortisation Trigger Event the Notes will be paid sequentially and therefore, the Class A Notes will benefit from additional credit enhancement provided by subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes. The Class B Notes will benefit from additional credit enhancement provided by the subordination of the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes. The Class C Notes will benefit from additional credit enhancement provided by the subordination of the Class D Notes, Class E Notes, the Class X Notes and the Class Z Notes. The Class D Notes will benefit from additional credit enhancement provided by the subordination of the Class E Notes, the Class X Notes and the Class Z Notes. The Class E Notes will benefit from additional credit enhancement provided by the subordination of the Class X Notes and Class Z Notes. The Class X Notes will benefit from the additional

credit enhancement provided by the Class Z Notes. Greater than expected losses on the Purchased Loan Receivables would have the effect of reducing, and could eliminate, the protection against loss afforded by this credit enhancement. Moreover, each time a Funding Circle Borrower repays a Purchased Loan Receivable, such Purchased Loan Receivable will cease to generate interest collections thereby reducing the protection against loss afforded by excess Available Interest Proceeds. For further details, see the section entitled “*Key Structural Features – Credit Enhancement and Liquidity Support*”.

#### *Yield and prepayment considerations*

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Purchased Loan Receivable and purchases of Purchased Loan Receivables required to be made under the Receivables Sale and Assignment Agreement) on the Purchased Loan Receivables and the price paid by the holders of the Notes of each Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Purchased Loan Receivables.

The rate of prepayment of Purchased Loan Receivables may be influenced by a wide variety of economic, social and other factors, including prevailing interest rates, the availability of alternative financing programmes and local and regional economic conditions. Subject to the terms and conditions of the Purchased Loan Receivables, a Funding Circle Borrower may prepay a Loan in whole, subject to payment of accrued interest. No assurance can be given as to the level of prepayments that the Loan Portfolio will experience. See also the sections entitled “*The Loan Portfolio*” and “*Certain Transaction Documents – Receivables Sale and Assignment Agreement*”.

#### *Liquidity risk*

The Issuer is subject to the risk of insufficiency of funds on any Note Payment Date as a result of payments being made late by Funding Circle Borrowers after the end of the relevant Collection Period. This risk may adversely affect the Issuer’s ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled “*Key Structural Features – Credit Enhancement and Liquidity Support*.” However, no assurance can be made as to the effectiveness of such alternative sources of liquidity, or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

#### *Deferral of interest payments on the Notes*

To the extent that, on any Note Payment Date, the Issuer does not have sufficient funds to pay in full interest on the Notes of any Class other than the Most Senior Class of Notes, this payment may be deferred. Any amounts of Deferred Interest will accrue Additional Interest described in the Conditions and payment of any Additional Interest will also be deferred. See Condition 6(c) (*Deferral of Interest*).

Payment of the shortfall representing Deferred Interest and Additional Interest will be deferred until the first Note Payment Date on which the Issuer has sufficient funds, **provided that** the payment of such shortfall shall not be deferred beyond the Final Maturity Date, as described in the Conditions. On such date, any amount which has not by then been paid in full shall become due and payable. For further details, see Condition 6(d) (*Payment of Deferred Interest and Additional Interest*).

#### *Calculation of Rate of Interest*

If the Reference Screen or the relevant page is unavailable, in the manner described in Condition 6(e)(i) (*Rate of Interest*) there can be no guarantee that the Issuer (or the Cash Manager and Calculation Agent on its behalf) will be able to determine any Rate of Interest in respect of the Notes.

If the Reference Screen, or the relevant page is unavailable, and the Issuer (or the Cash Manager and Calculation Agent on its behalf) is unable to determine the relevant Rate of Interest in respect of such Note Payment Date, pursuant to Condition 6(e)(i)(C) (*Rate of Interest*), the relevant Rate of Interest in respect of such Note Payment Date shall be determined, pursuant to Condition 6(e)(i)(C) (*Rate of Interest*), (1) as at the last preceding Interest Determination Date or (2) if there is no such preceding Interest Determination Date, at the initial Rate of Interest which would have been applicable to such 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). To the extent

interest amounts in respect of the Notes are determined by reference to a previously calculated rate, Noteholders may be adversely affected.

*Basis risk*

The Issuer is subject to:

- (a) the risk of a mismatch between the fixed rates of interest payable on the Loans and the interest rate payable in respect of the Rated Notes; and
- (b) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes, which risk is mitigated by the availability of excess Available Interest Proceeds, each of which are available to meet payments of interest due under the Notes and the other expenses of the Issuer.

The Issuer will enter into the Interest Rate Cap to hedge a part of its interest rate exposure in a notional amount from time to time as set out in an annex thereto. There will be some residual unhedged interest rate exposure given that the notional amount of the Interest Rate Cap shall be set by reference to the Principal Amount Outstanding of the Rated Notes as at the Closing Date, and this may adversely affect the position of the Class E Notes and/or the Class Z Notes. However, the Issuer will not enter into swap transactions to hedge such interest rate exposure in respect of each individual Purchased Loan Receivable.

The Issuer will depend upon the Interest Rate Cap Provider to perform its obligations under the Interest Rate Cap entered into to cover part of its interest rate exposure. If the Interest Rate Cap Provider defaults or becomes unable to perform due to insolvency or otherwise, or if the Interest Rate Cap is terminated as a result of certain termination events, the Issuer may not receive payments it would otherwise be entitled to from such Interest Rate Cap Provider to cover its interest rate exposure.

Although the Interest Rate Cap will be entered into to hedge a part of its interest rate exposure, losses may be incurred by the Noteholders in the event of a default or termination event under such Interest Rate Cap. For further details, see the section entitled “*Key Structural Features – Interest Rate Cap*”.

*Average Life*

The Final Maturity Date of the Notes is the Note Payment Date falling in October 2028 (subject to adjustment for non-Business Days); however, the principal of the Notes of each Class is expected to be repaid in full prior to the Final Maturity Date. Average life refers to the average amount of time that will elapse from the date of delivery of a Note until such Note is redeemed in full. The average lives of the Notes will be determined by the amount and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Purchased Loan Receivables. The actual average lives and actual maturities of the Notes will be affected by the financial condition of the underlying Funding Circle Borrowers with respect to Purchased Loan Receivables and the characteristics of the Purchased Loan Receivables, including, among other things, the actual default rate, the actual level of recoveries on any Defaulted Loans and the timing of defaults and recoveries. Purchased Loan Receivables may be subject to optional prepayment by the Funding Circle Borrowers. The rate of and timing of future defaults and the amount and timing of any cash realisation from Defaulted Loans will also affect the maturity and average lives of the Notes.

*Limited recourse and non-petition*

The Notes will be limited recourse obligations of the Issuer.

Notwithstanding any of the Transaction Documents, each of the parties to the Transaction Documents (other than the Issuer) acknowledges and agrees that if the net proceeds of realisation of the security constituted by the Charge and Assignment are less than the aggregate amount payable by the Issuer to the Noteholders and any other Secured Creditors in respect of its debts, liabilities or obligations under the Transaction Documents (such negative amount being referred to as a “**shortfall**”), the amount payable by the Issuer to the Noteholders and each other Secured Creditor in respect of the Issuer’s debts, liabilities or obligations under such Transaction Documents shall be reduced to such amount of the net proceeds as shall be applied in accordance with the Charge and Assignment and the applicable Priority of Payments, and such parties shall not (directly or indirectly) be entitled to take any further steps against the Issuer to recover such shortfall, which shall be deemed to be automatically extinguished.

The parties to the Transaction Documents (other than the Issuer) acknowledge and agree that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings under any applicable bankruptcy or similar law in connection with any debts, liabilities or obligations of the Issuer under the Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation such Transaction Documents. For the avoidance of doubt, this shall not prevent the Trustee enforcing the security constituted by the Charge and Assignment in accordance with its terms, **provided that** in connection with any such enforcement neither the Trustee nor any Receiver appointed thereunder shall take any steps or proceedings to procure the winding up, examinership or liquidation of the Issuer.

Each Noteholder and each of the Transaction Parties (other than the Issuer) acknowledges and agrees that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examination or liquidation proceedings, or other analogous proceedings under any applicable bankruptcy or similar law in connection with any debts, liabilities or obligations of the Issuer under the Notes or the Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation to such Transaction Documents. For the avoidance of doubt, nothing in Condition 4 (*Limited Recourse; Non-petition; Corporate Obligations; Security Mandate*) shall prevent the Trustee enforcing the security constituted by the Charge and Assignment in accordance with its terms, **provided that** in connection with any such enforcement neither the Trustee nor any Receiver appointed thereunder shall take any steps or proceedings to procure the winding up or liquidation of the Issuer.

Each Secured Creditor (other than the Trustee) agrees that if any amount is received by it (including by way of set-off) in respect of any Secured Obligation owed to it other than in accordance with the provisions of the Charge and Assignment and the Trust Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Charge and Assignment and the Trust Deed, as applicable, shall be received and held by it as trustee (except in the case of the Cash Manager and Calculation Agent, the Principal Paying Agent, the Registrar and the Issuer Account Bank which will hold such funds as banker and to the order of the Trustee) for the Trustee and shall be paid over to, or to the order of, the Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Charge and Assignment and the Trust Deed.

Prospective investors should be aware that there are a number of risks associated with the purchase of the Notes, including the risk that the Issuer may become subject to claims or other liabilities (whether in respect of the Notes or otherwise) which are not themselves subject to limited recourse or non-petition provisions.

#### *Failure of Court to Enforce Non-Petition Obligations*

As discussed in “*Limited Recourse and non-petition*” above, each Noteholder will agree, and each beneficial owner of Notes will be deemed to agree that it will be subject to non-petition covenants. If such provisions fail to be enforceable under applicable bankruptcy laws, and a winding-up (or similar) petition is presented in respect of the Issuer, then the presentation of such a petition could (subject to certain Conditions) result in one or more payments on the Notes made during the period prior to such presentation being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer’s bankruptcy estate. It could also result in the bankruptcy court, trustee or receiver liquidating the assets of the Issuer without regard to any votes or directions required for such liquidation pursuant to the Trust Deed and could result in any payments under the Notes made during the period prior to such presentation being deemed to be a fraudulent or improper disposition of the Issuer’s assets.

#### *Enforcement Rights*

If an Event of Default occurs and is continuing, the Trustee may, at its discretion, and shall, if so requested by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes deliver an Enforcement Notice and institute such proceedings as may be required in order to enforce the Security (subject, in each case to being indemnified and/or pre-funded and/or secured to its satisfaction).

The requirements described above could result in enforcement of the Security in circumstances where the proceeds of liquidation thereof would be insufficient to ensure payment in full of all amounts due and payable in respect of

the Notes in accordance with the applicable Priority of Payments and/or at a time when enforcement thereof may be adverse to the interests to certain Classes of Notes.

*Payment of interest and, following a Sequential Amortisation Trigger Event, principal, of the Classes of Notes is sequential.*

Payments of interest on the Class A Notes will be made in priority to payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes; payments of interest on the Class B Notes will be made in priority to payments of interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes; payments of interest on the Class C Notes will be made in priority to payments of interest on the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes; payments of interest on the Class D Notes will be made in priority to payments of interest on the Class E Notes, the Class X Notes and the Class Z Notes; payments of interest on the Class E Notes will be made in priority to payments of interest on the Class X Notes and the Class Z Notes; and payments of interest on the Class X Notes will be made in priority to payments of interest on the Class Z Notes.

Following a Sequential Amortisation Trigger Event, payments of principal on the Class A Notes will be made in priority to payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, Class X Notes and the Class Z Notes; payments of principal on the Class B Notes will be made in priority to payments of principal on the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes; payments of principal on the Class C Notes will be made in priority to payments of principal on the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes; payments of principal on the Class D Notes will be made in priority to payments of principal on the Class E Notes, the Class X Notes and the Class Z Notes; payments of principal on the Class E Notes will be made in priority to payments of principal on the Class X Notes and Class Z Notes; and payments of principal on the Class X Notes will be made in priority to payments of principal on the Class Z Notes. For further details, see the section entitled “*Key Structural Features - Payment of interest on the Notes in Sequential Order and deferral of payments on the Notes*”.

There can be no assurance that these subordination provisions will protect the then current Most Senior Class of Notes from all risks of loss.

*The Notes are subject to optional or mandatory redemption*

On any Note Payment Date immediately following the Calculation Date on which the aggregate Principal Amount Outstanding of all the Notes (other than the Class X Notes) is equal to or less than 20 *per cent.* of the aggregate Principal Amount Outstanding of all such Notes on the Closing Date, the Issuer (a) may (or, for so long as any Class Z Notes remain outstanding, shall if so directed by the Class Z Noteholders acting by way of Ordinary Resolution) redeem all of the Notes upon the exercise of the Clean-Up Call; and (b) shall redeem all of the Notes (other than the Class Z Notes) upon the exercise of the Portfolio Option, in each case, subject to and in accordance with the Conditions. In addition, subject to the Conditions the Issuer may, on the occurrence of a Regulatory Event, and shall, on the occurrence of a Tax Event or an Illegality Event redeem all of the Notes. See Condition 8.2 (*Optional Redemption in whole – Clean-up call*), Condition 8.3 (*Mandatory Redemption pursuant to the exercise of the Portfolio Option*), Condition 8.4 (*Mandatory Redemption in whole following a Tax Event*), Condition 8.5 (*Mandatory Redemption in whole upon the occurrence of an Illegality Event*) and Condition 8.6 (*Optional Redemption in whole upon the occurrence of a Regulatory Event*) for further information.

If the Portfolio Option Holder exercises the Portfolio Option and the Notes (other than the Class Z Notes) are being redeemed pursuant to Condition 8.3 (*Mandatory Redemption pursuant to the exercise of the Portfolio Option*) there is no guarantee that the Class Z Noteholders at the time the Portfolio Option is exercised will receive payment in full in respect of the Class Z Notes. If all the Class Z Noteholders elect, following the exercise of the Portfolio Option by the Portfolio Option Holder, to provide their Cash Collateralisation Contribution Amount, then the Portfolio Option will be exercised by way of Cash Collateralisation, resulting in all the Notes (other than the Class Z Notes) being redeemed in full and the Class Z Notes remaining outstanding. Each Class Z Noteholder will be entitled to elect to contribute its Cash Collateralisation Contribution Amount at its discretion. However, if any Class Z Noteholder elects not to contribute its Cash Collateralisation Contribution Amount, the Portfolio Option Holder (being any holder or holders of a majority of the Class Z Notes) will be permitted to exercise the Portfolio Option by way of a sale of the Loan Portfolio to the Portfolio Option Holder or a third party, provided only that the Portfolio Sale Conditions are satisfied. The Portfolio Sale Conditions require that the Loan Portfolio is sold for a consideration at least equal to the fair value of the Portfolio, as determined in accordance with standard market practice by a third party and which will be at least equal to the amount required to redeem all Notes (other than the Class Z Notes) in full and meet the Issuer’s payment obligations of a higher priority under the Post-

Acceleration Priority of Payments on the Portfolio Exercise Date. This could result in any Class Z Noteholders that hold a minority position in the Class Z Notes being prejudiced by the terms of the Portfolio Sale.

Early redemption of the Notes may adversely affect the yield on the Notes.

#### *Ratings of the Notes*

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any one or more of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be lowered or withdrawn. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes. The Class E Notes, the Class X Notes and the Class Z Notes will not be rated by the Rating Agencies.

Agencies other than the Rating Agencies could seek to rate the Notes and if such “unsolicited ratings” are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to “**ratings**” or “**rating**” in this document is to the ratings assigned by the specified Rating Agencies only. For further information, see section entitled “*Credit Ratings*”.

#### *Rating Agency Confirmation*

Historically, many actions by issuers of asset-backed securities have been conditioned on receipt of confirmation from the applicable rating agencies that such action would not cause the ratings on the applicable securities to be reduced or withdrawn. Recently, certain rating agencies have changed the manner and the circumstances under which they are willing to provide such confirmation and have indicated reluctance to provide confirmation in the future, regardless of the requirements of the Trust Deed and the other Transaction Documents. If the Transaction Documents or the Conditions require that written confirmation from the Rating Agencies be obtained before certain actions may be taken and an applicable Rating Agency is unwilling to provide the required confirmation, it may not be possible to effect such action, which could result in losses being realised by the Issuer and, indirectly, by the Noteholders.

If a Rating Agency announces or informs the Trustee or the Issuer that confirmation from such Rating Agency is not required for a certain action or that its practice is to not give such confirmations for certain types of actions, the requirement for confirmation from such Rating Agency will not apply. There can be no assurance that a Rating Agency will provide such rating confirmations upon request, regardless of the terms agreed to among Transaction Parties, or not subsequently reduce, downgrade, qualify, suspend or withdraw the then current ratings of the Rated Notes. Such a downgrade, reduction, qualification, suspension or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

#### *Absence of a secondary market for the Notes*

There can be no assurance that there is an active and liquid secondary market for the Notes and no assurance is **provided that** a secondary market for the Notes will develop or, if it does develop, that such market will provide Noteholders with liquidity of investment for the life of the Notes or that such market will subsequently continue to exist. Any investor in the Notes must be prepared to hold its Notes for an indefinite period of time or until the Final Maturity Date or alternatively such investor may only be able to sell its Notes at a discount to the original purchase price of those Notes.

The secondary market for asset-backed securities has in the past experienced significant disruptions resulting from reduced investor demand for such securities. This has resulted in the secondary market for asset-backed securities comparable to the Notes experiencing very limited liquidity during such severe disruptions. If limited liquidity were to occur in the secondary market it could have a material adverse effect on the market value of asset-backed securities including the Notes issued by the Issuer, 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. It is not known whether such market conditions will recur.

In addition, potential investors should be aware that global markets have recently been negatively impacted by the then prevailing global credit market conditions and reduced growth expectations for the Organisation for Economic Co-operation and Development economies, which could affect any secondary market for instruments

similar to the Notes. In particular, at the date of this document, certain European governments are in discussions with other countries in the Eurozone, the International Monetary Fund and other creditors and are in the process of establishing or have already established and are implementing an austerity programme. It is unclear what the effect of these discussions will be on the Eurozone or the UK economy. This uncertainty may have implications for the liquidity of the Notes in the secondary market. Absence of a secondary market or lack of liquidity in the secondary market may adversely affect the market value of the Notes.

#### *Eligibility for Central Bank Schemes*

While central bank schemes such as the Bank of England's Discount Window Facility and the Eurosystem monetary policy framework of the European Central Bank provide an important source of liquidity in respect of eligible securities, the relevant eligibility criteria for eligible collateral which apply and which will apply in the future under such facilities are likely to adversely impact secondary market liquidity for asset-backed securities in general, regardless of whether the Notes are eligible securities. No assurance is given that any Class of Notes will be eligible for any specific central bank liquidity schemes. Pursuant to a referendum held in June 2016, the UK has voted to leave the European Union (see the section entitled "*Brexit*" below for further information), which will impact on the eligibility of the Notes as eligible collateral under the Eurosystem monetary policy framework of the European Central Bank.

#### *Conflict between Noteholders*

Except where expressly provided otherwise, where in the opinion of the Trustee there is a conflict of interest between or among the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and/or the Class Z Notes, the Trustee shall give priority to the interests of (a) the Class A Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class X Notes and the Class Z Noteholders, (b) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class X Notes and the Class Z Noteholders, (c) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class X Notes and the Class Z Noteholders, (d) the Class D Noteholders, the Class E Noteholders, the Class X Notes over the Class Z Noteholders, (e) the Class E Noteholders over the Class X Noteholders and the Class Z Noteholders and (f) the Class X Noteholders over the Class Z Noteholders. If the Trustee receives conflicting or inconsistent requests from two or more groups of holders of a Class given priority as described in this paragraph, each representing less than the majority by principal amount of Notes outstanding of such Class, the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class. Except as expressly provided otherwise by the Trust Deed or any other Transaction Document, the Trustee will act in relation to the Trust Deed or any other Transaction Document upon the directions of the holders of the Most Senior Class of Notes acting by Extraordinary Resolution, subject to being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which may be incurred by it in connection therewith, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes. For further details, see the section entitled "*Overview - Overview of Rights of Noteholders and Relationship with other Secured Creditors*".

Investors should be aware that the Retention Holders will on the Closing Date purchase a cumulative material net economic interest of not less than 5% of each Class of the Notes issued by the Issuer in order to comply with EU risk retention requirements. The 5% required risk retention holdings in each Class of the Notes represent significant holdings. In addition, the Retention Holders will on the Closing Date purchase the remainder of the Class E Notes, Class X Notes and Class Z Notes (in percentages as agreed among themselves). The Retention Holders and/or their affiliates are under no obligation to consider the interests of other Noteholders when exercising their rights under the Notes (with respect not only to the 5% required risk retention, but also to any other Notes which they may own) and may exercise or agree to exercise voting rights in respect of the Notes held by each of them in a manner that may be prejudicial to other Noteholders.

#### *Conflict between Noteholders and other Secured Creditors*

So long as any of the Notes of any Class remains Outstanding, the Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by the Trust Deed except where expressly provided otherwise, have no regard to the interests of any Secured Creditor other than the Noteholders or, at any time, to the interests of any other person and no Secured Creditor shall have any claim against the Trustee for so doing.

Pursuant to the terms of the Trust Deed, the Notes held or controlled for or by any of the Issuer will not be taken into account by the Trustee for the purposes of: (i) the right to attend and vote at any meeting of the Noteholders



of any Class or any written resolution, (ii) the determination of how many and which Notes are outstanding for the purposes of action, proceedings and indemnification by the Trustee, meetings of the Noteholders, Events of Default and enforcement, (iii) any right, discretion, power or authority which the Trustee is required to exercise by reference to the interests of the Noteholders of any Class and (iv) the determination by the Trustee of whether something is materially prejudicial to the interests of the Noteholders or any Class thereof except, in the case where the Issuer holds all of the relevant Class of Notes and there are no *pari passu* or junior Classes of Notes which they do not also hold in their entirety. For further details, see the section entitled “*Overview - Overview of Rights of Noteholders and Relationship with other Secured Creditors*”.

Funding Circle,

- (a) in its capacity as Retention Holder, receives certain reports relating to the Loan Receivables originated by Great Trinity pursuant to the Great Trinity Origination Agreement; and
- (b) in its capacity as Servicing and Collection Agent provides certain reports relating to the Loan Receivables originated by Great Trinity and Glencar XXVI.

As a result, Funding Circle has access to information that is not generally available to the public, the Issuer or to other Noteholders. In addition, actual or potential conflicts may arise between the interests of the Retention Holders and the interests of the Issuer and the other Noteholders.

*Risks relating to negative consent of Noteholders in respect of amendments to the Transaction Documents as a result of a change in the criteria of the Rating Agencies*

Subject to certain conditions, the Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any other Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions or any Transaction Document to which it is a party or in relation to which it holds security or enter into any new supplemental or additional documents that the Issuer considers necessary, 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.

In relation to any such proposed amendment, the Issuer is required to give at least 30 calendar days’ notice to the Noteholders of each Class of the proposed modification in accordance with Condition 10 (*Notifications*) and by publication on Bloomberg on the “Company News” screen relating to the Notes. However, Noteholders should be aware that in relation to such amendments, if Noteholders representing at least 10 *per cent.* of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer or the Principal Paying Agent 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 or the Principal Paying Agent that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 *per cent.* of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have notified the Issuer or the Principal Paying Agent 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 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

The full requirements in relation to any modification 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 are set out in Condition 15.4 (*Additional Right of Modification*).

*Meetings of Noteholders, modification and waiver*

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

The Trust Deed provides that, the Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to the Trust Deed, the Conditions, the Notes or the other Transaction Documents in relation to which its consent is required (other than in respect of a Basic Terms Modification) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes then Outstanding; or
- (b) any modification to the Trust Deed, the Conditions, the Notes or the other Transaction Documents in relation to which its consent is required (including a Basic Terms Modification), 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.

In addition, subject to certain conditions set out in the Trust Deed, the Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any other Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Trust Deed, the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents (following the Trustee's review thereof) that the Issuer certifies to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) as being necessary 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.

In addition, subject to certain conditions set out in the Trust Deed, the Trustee may at any time and from time to time in its sole discretion, without prejudice to its rights in respect of any subsequent breach, condition, event or act and without the consent or sanction of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of the covenants or provisions contained in the Trust Deed and the Charge and Assignment, the Notes or any of the other Transaction Documents or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Trust Deed, the Charge and Assignment, the Notes or any other Transaction Document if, in the opinion of the Trustee, the interests of the Noteholders of the Most Senior Class of Notes then Outstanding will not be materially prejudiced by such waiver.

The Trustee may, without the consent of the Noteholders of any Class, or any other Secured Creditor, concur with the Issuer to the substitution in place of the Issuer (or of the previous substitute under the Trust Deed) as the principal debtor under the Trust Deed, the Notes of each Class and the other Transaction Documents of any other company (incorporated in any jurisdiction) (such substituted company being thereafter called the "**New Company**") if required for taxation reasons and subject to certain conditions as set out in the Trust Deed. For further details, see the section entitled "*Overview - Overview of Rights of Noteholders and Relationship with other Secured Creditors*".

### **Risks related to the Loans**

#### *The Loans are unsecured*

The Purchased Loan Receivables are generally expected to be secured only by Personal Guarantees (where the Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) and not by security over physical assets or real estate. In the event of a default of a Purchased Loan Receivable, such security (where applicable) may not be sufficient to cover amounts due to the Issuer. The policy of Funding Circle regarding the taking of security, or the form such security may take, may be varied at Funding Circle's discretion, and so the security position of the Loan Portfolio may change over time. Each of the Issuer and Security Holders (and their agents or delegates) may be limited in their ability to collect on the Purchased Loan Receivables and, if a Funding Circle Borrower in respect of a Purchased Loan Receivable defaults on its obligations, the Issuer may be unlikely to collect all or any portion of such Purchased Loan Receivable. For further details, see the section entitled "*The Servicing and Collection Agent and the Funding Circle Platform*".

#### *Risk of default even when loans are secured*

Even in the event that any Purchased Loan Receivable is secured by specific collateral, there can be no assurance that the liquidation of such collateral would be sufficient to satisfy the relevant Funding Circle Borrower's obligation in the event of non-payment of such Purchased Loan Receivable. In addition, in the event of bankruptcy or insolvency of a Funding Circle Borrower of a Purchased Loan Receivable, the Issuer could experience delays or limitations with respect to its ability to realise the benefits of the collateral. Moreover, the Issuer's security interests may be unperfected for reasons including the failure to make required filings and, as a result, the Issuer may rank behind other creditors.

*Credit risk*

The Issuer is subject to the risk of default in payment by the Funding Circle Borrowers and upon such default in payment, the failure by the Servicing and Collection Agent or FCTL, on behalf of the Issuer, to realise or recover sufficient funds from the Funding Circle Borrowers under the arrears and default procedures in respect of the Purchased Loan Receivables in order to discharge all amounts due and owing by the relevant Funding Circle Borrowers under the Purchased Loan Receivables. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Overview - Credit Structure and Cashflow.*" However, no assurance can be made as to the effectiveness of such credit enhancement features or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

*The Loan Portfolio*

This document does not contain any information regarding the individual Purchased Loan Receivables which form the Loan Portfolio, on which the Notes will be ultimately secured. None of the Issuer, the Arranger, the Joint Lead Managers or any other party is under any obligation to provide any information with respect to the Funding Circle Borrowers under individual Purchased Loan Receivables.

None of the Issuer, the Arranger or the Joint Lead Managers has made any investigation into the Funding Circle Borrowers of the Purchased Loan Receivables. The value of the Loan Portfolio may fluctuate from time to time. None of the Issuer, the Sellers, the Trustee, the Arranger, the Joint Lead Managers or any other Transaction Party are under any obligation to maintain the value of the Purchased Loan Receivables at any particular level. None of the Issuer, the Sellers, the Trustee, the Arranger, the Joint Lead Managers or any other Transaction Party has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Purchased Loan Receivables from time to time.

*Knowledge of matters represented in warranties*

The Retention Holders have had access to portfolio level loan information on a daily basis, audit rights and data rooms containing information in respect of, and received reports regarding, the Purchased Loan Receivables, and will give certain representations and warranties in respect of the Purchased Loan Receivables sold by them to the Issuer. However, in the case of Glencar XI, it was not the original underwriter of the Glencar XI Purchased Loan Receivables comprised in the Loan Portfolio and has acquired its interest in such Purchased Loan Receivables and their Related Security from Glencar XXVI. The Loans have been originated through the Funding Circle Platform but none of Glencar XXVI, Great Trinity or Glencar XI had day-to-day oversight of the underwriting process for individual Loans carried out by Funding Circle. Accordingly, since Glencar XI and Great Trinity do not have direct knowledge as to matters relating to, amongst other things, the actual origination of each underlying Loan or whether such Loans were originated in accordance with the Funding Circle Lending Policies (including the Eligibility Criteria) at the time of origination, it may be difficult in practice for Glencar XI and Great Trinity to detect a breach of the Eligibility Criteria in respect of the Purchased Loan Receivables sold by them to the Issuer and it is likely that Glencar XI and Great Trinity will only detect a breach of the Eligibility Criteria if that is evident from the face of the Servicing Report or it otherwise becomes aware of a breach (e.g. following the taking of specific enforcement or other action with respect to a Loan Receivable). The Arranger and the Joint Lead Managers have not separately conducted any due diligence on the Purchased Loan Receivables for the purposes of the Transaction and there is no ongoing active involvement of the Arranger or the Joint Lead Managers to monitor or notify any defect in relation to the circumstances of the Purchased Loan Receivables.

*Third Party Litigation; Limited Funds Available*

The Issuer's acquisition of the Purchased Loan Receivables may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. The expense of defending claims against the Issuer by third parties (including bankruptcy or insolvency proceedings) and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that that Issuer is indemnified for such amounts, be borne by the Issuer and would reduce the funds available for distribution and the Issuer's net assets. The funds available to the Issuer to pay certain fees and expenses of the Trustee and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited to amounts available in accordance with the applicable Priority of Payments. If such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests.

#### *Selection of the Loan Portfolio*

The information in the section entitled "*The Loan Portfolio – the Loan Portfolio*" has been extracted from the systems of Funding Circle as at the Loan Portfolio Cut-Off Date. The Loan Portfolio comprises of 2,973 Loan Receivables which have an Aggregate Collateral Principal Balance of £250,009,767.82 as at the Loan Portfolio Cut-Off Date. The characteristics of the Loan Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of Loan Receivables prior to the Closing Date or Loan Receivables having become ineligible between the Loan Portfolio Cut-Off Date and the Closing Date.

To the extent that not all of the Loans held by the Sellers that satisfy the Eligibility Criteria as at the Loan Portfolio Cut-Off Date are transferred to the Issuer on the Closing Date pursuant to the Receivables Sale and Assignment Agreement, the relevant Loans to be transferred will be selected by Funding Circle (in the case of the Loans sold by Great Trinity) and Glencar XI (in the case of the Loans sold by it) placing them in chronological order by reference to their origination date and selecting them in order (oldest first) until the required Aggregate Collateral Principal Balance has been reached.

#### *Default Procedures*

Pursuant to the Funding Circle Terms and Conditions for Investors, if a Funding Circle Borrower in respect of a Purchased Loan Receivable misses, fails to pay or only partially pays any monthly instalments, or if the Funding Circle Borrower is otherwise in breach of the loan conditions forming part of the relevant Loan Agreement, Funding Circle may place the Purchased Loan Receivable into default and may engage field agents to attempt to collect the outstanding balance of such Purchased Loan Receivable. If Funding Circle places a Purchased Loan Receivable into default, the Issuer will assign the Purchased Loan Receivable to FCTL (as Security Holder) to enable FCTL to (among other recovery options) commence legal proceedings against the Funding Circle Borrower and/or Guarantor for the full amount outstanding. Funding Circle, FCTL and any agent appointed by either of them in connection with the enforcement of a Purchased Defaulted Receivable and its Related Security is entitled to deduct amounts to reimburse the costs, fees, expenses and disbursements properly incurred by it in connection with the enforcement of such Purchased Defaulted Receivable from the proceeds of each Collection payment in respect thereof, provided that: (i) the aggregate of all amounts so deducted shall be no more than 40 *per cent.* of each Collection payment in respect thereof; and (ii) the aggregate of all amounts deducted in respect of Collections Charges shall be no more than 20 *per cent.* of each Collection payment received, in each case since the date the Purchased Loan Receivable was initially declared defaulted by the Servicing and Collection Agent in accordance with the related Loan Receivable Documentation. For further details, see the section entitled "*The Servicing and Collection Agent and the Funding Circle Platform*".

#### *Title of the Issuer*

Pursuant to the Receivables Sale and Assignment Agreement, the Issuer shall acquire the beneficial and, following notification as described below, legal title to each Purchased Loan Receivable on the Closing Date.

Pursuant to the Receivables Sale and Assignment Agreement, the Sellers shall, or shall procure that Funding Circle (in its capacity as Servicing and Collection Agent) shall, notify each Funding Circle Borrower in respect of each Purchased Loan Receivable of the sale and assignment of such Purchased Loan Receivable pursuant to the Receivables Sale and Assignment Agreement and of the Issuer's ownership of such Purchased Loan Receivables (identifying the Issuer as the Funding Circle Investor in respect of such Purchased Loan Receivable of such Funding Circle Borrowers), on the Closing Date, by e-mail to the Funding Circle Borrower's registered

e-mail address in accordance with the relevant Loan Agreements or by such other method as the Issuer, Funding Circle and the Trustee may agree.

Notwithstanding it is intended that the sale of the Purchased Loan Receivables be immediately notified to the relevant Funding Circle Borrower on the Closing Date by e-mail to the Funding Circle Borrower's registered e-mail address in accordance with the relevant Loan Agreements or by such other method as the Issuer, Funding Circle and the Trustee may agree, prior to the Issuer obtaining legal title to the Purchased Loan Receivables (as described above), the rights of the Issuer may be or may become subject to equities (e.g. rights of set-off between the Funding Circle Borrowers and the relevant Seller (as discussed below)) and to the interests of third parties who perfect a legal interest, namely, a bona fide purchaser from the relevant Seller for value of any such Purchased Loan Receivable without notice of any interest of the Issuer, who may obtain a good title to the Purchased Loan Receivable free of any such interests. Such equities and third party rights may diminish or negate the value of the Issuer's interest in the Purchased Loan Receivables and could acquire priority over the interests of the Issuer. If this occurred, then the Issuer would not have good title to the affected Purchased Loan Receivable and it would not be entitled to payments by a Funding Circle Borrower in respect of that Purchased Loan Receivable. For further details, see the section entitled "*Certain Transaction Documents – Receivables Sale and Assignment Agreement*".

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

Under circumstances where a Funding Circle Borrower has a cross-claim against the Issuer there is a risk that this might result in an ability to set-off amounts owed in such a way as to result in a reduction or extinguishment of the Funding Circle Borrower's repayment obligations. Under English law a right of set-off might arise in law (within the context of a litigation), in equity or in the event of the insolvency of either a Funding Circle Borrower or the Issuer.

As the Loan Receivables will be legally sold and assigned to the Issuer (with notice being given by e-mail), these risks are limited to circumstances where a Funding Circle Borrower had a cross-claim against the Issuer, however, if the assignment of a Loan Receivable was found to have been given without notice, a cross-claim between a Funding Circle Borrower and the relevant Seller might also give rise to a set-off risk.

Legal set-off may arise where a Funding Circle Borrower and the Issuer were engaged in litigation and where both parties could prove that they had cross-claims which were liquidated or ascertainable with certainty at the commencement of the action. In order to establish a right of legal set-off there would be no need for such claims to arise as a result of the same transaction or closely connected transactions.

Equitable-set off may arise where in connection with a single transaction, a Funding Circle Borrower and the Issuer had cross-claims (both of which were due and payable). Under such circumstances, a Funding Circle Borrower might be entitled to deduct the amount of its mutual cross claim from its payment obligations under the relevant Loan.

Insolvency set-off will arise mandatorily. Where a Funding Circle Borrower goes into liquidation, administration or bankruptcy, an account must be taken of the mutual dealings between the Issuer and such Funding Circle Borrower. Therefore the sums due from the Funding Circle Borrower would be set off against the sums due from the Issuer, except that sums due from the Funding Circle Borrower would not be taken into account if the Issuer had notice at the time they were incurred of:

- (a) a resolution or petition to wind-up; or
- (b) an application for an administration order or of notice of intention to appoint an administrator (if a company).

All claims, including future, contingent and liquidated sums, would need to be brought into account.

Pursuant to the Security Declaration of Trust and the Servicing Agreement, the Servicing and Collection Agent and the Security Holders agree to certain restrictions on their right to exercise any right to set-off or deduct an amount from the proceeds of enforcement in respect of Purchased Loan Receivables (see further the section entitled "*Certain Transaction Documents – Servicing Agreement*").

*The Purchased Loan Receivables*

The Purchased Loan Receivables will be subject to credit, liquidity, interest rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance which may have an adverse effect on the ability of Funding Circle Borrowers to make payments on the Purchased Loan Receivables and which, in turn, may adversely affect the payments on the Notes and the interests of the Noteholders.

Purchased Loan Receivables benefit (where the relevant Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) from a Personal Guarantee granted to one or more of the Security Holders by an owner or director of such Funding Circle Borrower, but are otherwise generally unsecured. In limited circumstances, a Purchased Loan Receivable may also benefit from one or more of the following Security Interests: (i) Security Interests that have been, or may be, provided by the relevant Funding Circle Borrower and/or the relevant Guarantor to or for the benefit of Funding Circle and/or FCTL (as Security Holder) where it has experienced financial difficulty or which it has provided or may provide during any enforcement process in respect of such Purchased Loan Receivable, and (ii) Security Interests which have been or may be granted to or for the benefit of Funding Circle and/or FCTL (as Security Holder) by the relevant Funding Circle Borrower and/or the relevant Guarantor in connection with another Loan Receivable of such Funding Circle Borrower and/or the relevant Guarantor and which secure (among other things) such Purchased Loan Receivable, in each case which will be held on trust pursuant to the Security Declaration of Trust by the relevant Security Holder for itself and for the Funding Circle Investors entitled thereto (such Security Interests, together with any Personal Guarantee form part of the Related Security).

Funding Circle Borrowers may default on their obligations under the Purchased Loan Receivables. Such defaults may occur for a variety of reasons. In addition to the financial conditions of the Funding Circle Borrowers, various other factors influence small and medium-sized enterprise loan delinquency rates, default rates, prepayment rates, the frequency with which security is enforced and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies.

Purchased Loan Receivables included in the Loan Portfolio which complied with the Eligibility Criteria and satisfied the Funding Circle Warranties and the Seller Asset Warranty at the time when tested or given under the Receivables Sale and Assignment Agreement, but which subsequently cease to comply with the Eligibility Criteria or satisfy such Funding Circle Warranties or Seller Asset Warranty, as applicable, may, but are not required to be, removed from the Loan Portfolio.

In the case of Funding Circle Borrowers who are individuals, their ability to repay amounts owing under Purchased Loan Receivables may be adversely affected by their personal circumstances (for example, unemployment, illness, sudden death, divorce or other similar factors).

For further details, see the section entitled “*The Servicing and Collection Agent and the Funding Circle Platform*”.

#### *Loan Receivable Documentation*

The Purchased Loan Receivables are made using standardised Loan Receivable Documentation. Thus, many Funding Circle Borrowers may be similarly situated insofar as the provisions of their contractual obligations are concerned. Accordingly, certain allegations of violations of the provisions of Applicable Laws could potentially result in a large class of claimants asserting claims against the Issuer, the Servicing and Collection Agent, a relevant Seller or any other relevant Transaction Party. The costs of defending or paying judgments in any such lawsuits could adversely affect the Servicing and Collection Agent’s, such relevant Seller’s or other relevant Transaction Party’s business, or could reduce the Issuer’s funds available to make payments of principal of and interest on the Notes.

For further details, see the section entitled “*The Servicing and Collection Agent and the Funding Circle Platform*”.

#### *Income and Principal Deficiency*

On each Note Payment Date, the Issuer, or the Cash Manager and Calculation Agent on its behalf, will transfer all amounts standing to the credit of the Cash Reserve Account to the Issuer Transaction Account and apply such amounts as Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments.

If, on any Note Payment Date, as a result of shortfalls in amounts set out in paragraphs (a) to (d) of the definition of Available Interest Proceeds, there is a Senior Interest Deficiency, then, subject to certain conditions, the Issuer, or the Cash Manager and Calculation Agent on its behalf, may apply transfer amounts standing to the credit of the Liquidity Reserve Account to the Issuer Transaction Account and apply such amounts against such Senior Interest Deficiency.

If, on any Note Payment Date, as a result of shortfalls in amounts set out in paragraphs (a) to (e) of the definition of Available Interest Proceeds, there is a Remaining Senior Interest Deficiency, then, subject to certain conditions, the Issuer, or the Cash Manager and Calculation Agent on its behalf, may apply amounts otherwise constituting Available Principal Proceeds against such Remaining Senior Interest Deficiency. In this event, the consequences set out in the following paragraph may result.

Application, as described above, of any Available Principal Proceeds to meet any Remaining Senior Interest Deficiency (in addition to any Default Amounts in respect of the Purchased Loan Receivables to be recorded as debit entries on the Principal Deficiency Ledgers as described in “*Key Structural Features*”) will be recorded first, to the Class Z Principal Deficiency Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; second, to the Class E Principal Deficiency Ledger up to a maximum of the Principal Amount Outstanding of the Class E Notes; third, to the Class D Principal Deficiency Ledger up to a maximum of the Principal Amount Outstanding of the Class D Notes; fourth, to the Class C Principal Deficiency Ledger up to a maximum of the Principal Amount Outstanding of the Class C Notes; fifth, to the Class B Principal Deficiency Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and sixth, to the Class A Principal Deficiency Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

It is expected that during the course of the life of the Notes, principal deficiencies will be recouped from Available Interest Proceeds. Available Interest Proceeds will be applied, after meeting prior ranking obligations as set out under the Pre-Acceleration Interest Priority of Payments, to credit, first, the Class A Principal Deficiency Ledger to reduce the debit balance to zero, second, the Class B Principal Deficiency Ledger to reduce the debit balance to zero, third, the Class C Principal Deficiency Ledger to reduce the debit balance to zero, fourth, the Class D Principal Deficiency Ledger, fifth to reduce the debit balance to zero, the Class E Principal Deficiency Ledger to reduce the debit balance to zero and sixth, the Class Z Principal Deficiency Ledger to reduce the debit balance to zero.

If there are insufficient funds available as a result of such income or principal deficiencies, then one or more of the following consequences may ensue:

- (a) the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- (b) there may be insufficient funds to repay the Notes on or prior to the Final Maturity Date of the Notes unless the other net income of the Issuer is sufficient, after making other payments to be made in priority thereto, to reduce to nil the balance on the Principal Deficiency Ledgers.

#### *Related Security*

Purchased Loan Receivables benefit (where the relevant Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) from a Personal Guarantee granted to one or more of the Security Holders by an owner or director of such Funding Circle Borrower, but are otherwise generally unsecured. In limited circumstances, a Purchased Loan Receivable may also benefit from one or more of the following Security Interests: (i) Security Interests that have been, or may be, provided by the relevant Funding Circle Borrower and/or the relevant Guarantor to or for the benefit of Funding Circle or FCTL (as a Security Holder) where it has experienced financial difficulty or which it has provided or may provide during any enforcement process in respect of such Purchased Loan Receivable, and (ii) Security Interests which have been or may be granted to FCTL (as a Security Holder) by the relevant Funding Circle Borrower and/or the relevant Guarantor in connection with another Loan Receivable of such Funding Circle Borrower and/or the relevant Guarantor and which secure (among other things) such Purchased Loan Receivable, in each case which will be held on trust pursuant to the Security Declaration of Trust by the relevant Security Holder for itself and for the Funding Circle Investors entitled thereto (such Security Interests, together with any Personal Guarantee form part of the Related Security).

Pursuant to the Security Declaration of Trust, the Security Holders will (i) hold on trust the Related Security on behalf of all persons entitled thereto in accordance with the Funding Circle Terms and Conditions for Investors and (ii) declare a trust in respect of Purchased Defaulted Receivables and the proceeds of enforcement thereof for

the benefit of the Issuer absolutely (less the costs of enforcement). Prospective investors should be aware that the Funding Circle Terms and Conditions for Investors may be amended from time to time and that the nature and extent of the Issuer's interest in any Related Security may be affected by such amendments.

Prospective investors should be aware that, due to the nature of the trust arrangement in respect of the Related Security pursuant to the Security Declaration of Trust, the Issuer will not have any direct interest in the Related Security Trust Property to which it is entitled. The Related Security Trust Property will not be assigned legally or equitably or otherwise transferred to the Issuer and the legal title to the Related Security Trust Property and the rights in respect of the Related Security Trust Property will remain with the Security Holders as trustee. The Issuer will rely on the Security Holders (acting as trustee under such Security Declaration of Trust) to take actions in respect of the Related Security Trust Property to which it is entitled (including, without limitation, actions in relation to release, enforcement or changes to the Related Security Trust Property) so as to maximize recoveries in respect of the Related Security Trust Property for the benefit of the beneficiaries entitled thereto. In circumstances where the Issuer is not the sole beneficiary of the trusts created pursuant to the Security Declaration of Trust, neither the Issuer nor the Trustee will on their own able to give instructions to the Security Holders (acting as trustee under such Security Declaration of Trust).

None of the Issuer or the Trustee has any legal interest in the Related Security Trust Property and the Security Holders will not be, and will not be deemed to be, acting as the agent or trustee of the Issuer in connection with the exercise of, or the failure to exercise, any of its rights or powers arising under or in connection with its holding of any Related Security Trust Property (although the Security Holders will be the Trustees in respect of the Related Security Trust Property).

The Issuer will be dependent upon the Security Holders' performance of their obligations under the Security Declaration of Trust in order to receive any enforcement proceeds due from Funding Circle Borrowers and/or Guarantors under Related Security Trust Property to which it is entitled. Any such enforcement proceeds in relation to the Related Security Trust Property are held by the Security Holder (as trustee) in accordance with the Security Declaration of Trusts. In addition, due to the nature of the trust arrangement in respect of the Related Security Trust Property, any disposal of the Purchased Loan Receivables to a third party would be subject to the trust arrangement in respect of the Related Security Trust Property.

For further details, see the section entitled "*The Servicing and Collection Agent and the Funding Circle Platform*".

#### *Market Value of Purchased Loan Receivables*

The market value of the Purchased Loan Receivables will generally fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the Funding Circle Borrowers or Guarantors, as the case may be, of the Purchased Loan Receivables. Typically, loans to small and medium-sized enterprises are not considered to be investment grade and that reflects a greater possibility that adverse changes in the financial condition of a Funding Circle Borrower or Guarantor or in general economic conditions or both may impair the ability of the relevant Funding Circle Borrower to make payments of principal or interest or the relevant Guarantor to make payments under its guarantee. Such investments may be speculative.

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

#### *Variation of terms of Purchased Loan Receivables*

Under the Servicing Agreement, the Servicing and Collection Agent has agreed that, in respect of each Purchased Loan Receivable, it will not agree to any Loan Modification without the prior written consent of the Trustee,

- (a) except that the Servicing and Collection Agent may agree any Loan Modification that constitutes the agreement of a Short-Term Payment Plan or is, in the Servicing and Collection Agent's reasonable discretion, necessary:
  - (i) to preserve the enforceability of any such Purchased Loan Receivable; or;



- (ii) to facilitate or ensure compliance with, or prevent any violation of, any applicable law; or
  - (iii) to preserve the transferability, registration or tax treatment of any Purchased Loan Receivable; or
  - (iv) such modification is of a formal, minor or technical nature or is made to correct a manifest error; and
- (b) that the Servicing and Collection Agent will not in any event agree to any Loan Modification in respect of a Purchased Loan Receivable (other than a Defaulted Loan) which would:
- (i) reduce the Collateral Principal Balance of the Purchased Loan Receivable;
  - (ii) reduce the contractual interest payable by the Funding Circle Borrower in respect of that Purchased Loan Receivable; or
  - (iii) extend the final maturity of that Purchased Loan Receivable as at the date of its initial Advance.

If the Servicing and Collection Agent grants any Loan Modification in respect of any Purchased Loan Receivable other than as set forth above, it shall repurchase the relevant Purchased Loan Receivable. For further details, see the section entitled “*Certain Transaction Documents – Servicing Agreement*”.

#### *Concentration Risks*

Although no significant concentration with respect to any particular Funding Circle Borrower is expected to exist at the Closing Date, the concentration of the Loan Portfolio in any one Funding Circle Borrower would subject the Notes to a greater degree of risk with respect to defaults by such Funding Circle Borrower, and the concentration of the Loan Portfolio in any one industry or region could subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry or region. Prepayments of Purchased Loan Receivables may alter the concentration of the Loan Portfolio. See further the section entitled “*The Loan Portfolio*”.

#### *Funding Circle’s credit scoring models may be inadequate*

Funding Circle employs a comprehensive credit assessment process to evaluate loan applications, which involves automated processes as well as human input, assessment and analysis. This process is designed with multiple controls to avoid error, such as independent model validation, model user acceptance tests, model monitoring, data quality checks, independent review of manual credit decisions, portfolio performance monitoring and defaulted loans analysis, among other controls. Despite these controls, the credit assessment process may be ineffective and may not accurately assess actual creditworthiness of Funding Circle Borrowers for various reasons, including as a result of:

- (a) errors (whether human or otherwise) in constructing, interpreting or using the models and techniques used in the evaluation process;
- (b) the use of inaccurate data (including as a result of human error in data input, inaccurate data received from external data vendors (*e.g.*, credit bureaux and public registries) and fraudulent data input by Funding Circle Borrowers, employees or third-party service providers). While Funding Circle seeks to cross-reference some of the information it receives from Funding Circle Borrowers against publicly available information (*e.g.*, from credit bureaux and public registries), it does not undertake a comprehensive verification of information, and any such verification may be inaccurate or incomplete. Additionally, it is possible that, following the date of any credit information received, a Funding Circle Borrower may default on a pre-existing debt obligation, take on additional debt or sustain other adverse financial or life events, which, if known, might have resulted in the assignment of a different credit rating or a decision not to lend;
- (c) the creation and use of models based on incorrect assumptions or inadequate data. Although Funding Circle takes significant care to source data from a variety of sources, there can be no assurance that it will always be able to procure sufficient data, or that such data will not become more expensive to access (including as a result any of changes in privacy and data protection laws and regulations adversely affecting Funding Circle’s or its external data vendors’ ability to collect, use and transfer personal data), in order to adequately evaluate potential Funding Circle Borrowers;

- (d) incorrect judgment and decisions by Funding Circle’s employees or third-party service providers, which could impact credit performance; and
- (e) errors in the current or future platforms, software and technology infrastructure supporting Funding Circle’s risk models.

In addition, although these models and techniques attempt to take into account the external environment that might impact the Funding Circle Borrowers’ ability to service their debts, such as macroeconomic, interest rate and political environments they may not accurately predict the actual credit risk for various reasons, including as a result of inaccurate assumptions or failure to update such assumptions appropriately or in a timely manner.

If any of these credit scoring models and other analytical techniques are ineffective or contain errors, or if the data provided by Funding Circle Borrowers or third parties is incorrect or stale, Funding Circle’s loan pricing and assessment process could be negatively affected, resulting in mispriced or misclassified loans or incorrect approvals or denials of loans.

Funding Circle’s risk rating classifications are intended to be informative only and reflect Funding Circle’s view of the relative creditworthiness of the Funding Circle Borrower. There can be no guarantee of the creditworthiness of a Funding Circle Borrower.

While Funding Circle may update or amend at any time a Funding Circle Borrower’s information or the risk rating classification, it accepts no obligation to do so (including between when the loan request is first made and when it is entered into, and during the term of any loan).

Because of these factors, the Issuer may invest (directly or indirectly) in Purchased Loan Receivables originated on the Funding Circle Platform based upon inaccurate Funding Circle Borrower credit information. Additionally, the interest rate for a Purchased Loan Receivable may not be reflective of its risk profile, which may result in lower returns than might be expected in relation to the actual credit risk which is borne by the Issuer. Consequently the Issuer may receive a lower or unpredictable level of income in respect of Purchased Loan Receivables. For further details, see the section entitled “*The Servicing and Collection Agent and the Funding Circle Platform*”.

*The Issuer’s rights may rank behind those of other creditors*

All Purchased Loan Receivables are credit obligations of (i) companies limited by shares incorporated in the United Kingdom or a limited liability partnership incorporated in the United Kingdom (as evidenced by a search at the Companies Registry, Cardiff), (ii) UK-resident individual sole traders, (iii) partnerships solely comprising UK-resident individual partners, or (iv) partnerships comprising both (A) a number of partners each of whom is an individual and (B) a number of partners each of which is a company limited by shares, where (1) each of the partners who is an individual is a UK resident and (2) each of the partners which is a company limited by shares is incorporated in the United Kingdom (as evidenced by a search conducted at the Companies Registry, Cardiff), and the Loan Agreements restrict the Funding Circle Borrower from incurring additional indebtedness above certain levels, without the prior written consent of Funding Circle (such consent not to be unreasonably withheld). If a Funding Circle Borrower incurs additional debt (with or without Funding Circle’s consent) after borrowing through the Funding Circle Platform, that additional debt may adversely affect the Funding Circle Borrower’s creditworthiness generally, and could result in the financial distress, insolvency or bankruptcy of the Funding Circle Borrower. This could ultimately impair the ability of that Funding Circle Borrower to make payments on the Purchased Loan Receivable, which the Issuer expects to receive. To the extent Funding Circle Borrowers incur other indebtedness that is secured, such as a mortgage, in priority to the borrowing via the Funding Circle Platform, the ability of the secured creditors to exercise remedies against the assets of that Funding Circle Borrower may impair the Funding Circle Borrower’s ability to meet its obligations to the Issuer or it may impair Funding Circle’s ability to collect payments.

If a Funding Circle Borrower files for bankruptcy, insolvency or analogous proceedings, a stay may go into effect that will automatically put any pending collection actions on hold and prevent further collection action absent court approval. It is possible that the Funding Circle Borrower’s personal liability will be discharged in bankruptcy. In most cases involving the bankruptcy of a Funding Circle Borrower, creditors, including the Issuer, will receive only a proportion of any amount outstanding, if anything.

Prospective investors should be aware that Funding Circle or its Affiliates may from time to time amend the Funding Circle Standard Documentation or give consent to Funding Circle Borrowers which will allow them to incur other Loans and grant security for them. Any such amendment or consent may enable a Funding Circle

Borrower of a Purchased Loan Receivable to enter into additional Loan Receivables on terms that are more favourable to the Funding Circle Investors in respect thereof than the Issuer under the Purchased Loan Receivables of such Funding Circle Borrower. In particular, any such amendment or consent could permit a Funding Circle Borrower of an unsecured Purchased Loan Receivable to enter into additional secured Loan Receivables, which would be prioritized over such unsecured Purchased Loan Receivable in the event of a default of such Funding Circle Borrower and the subsequent enforcement of its Loans. For further details, see the section entitled “*Certain Transaction Documents – Servicing Agreement*”.

*Reliance on Funding Circle’s current or future platforms, software and technology infrastructure to originate Loans and to facilitate and monitor Loans once acquired*

Funding Circle has developed its own bespoke software and infrastructure and also utilises third party products and service providers in connection with the provision, operation and maintenance of current or future platforms, software and technology infrastructure. The Issuer is reliant on the functionality of such systems and services, including in respect of the origination and allocation of credit assets. The Issuer is also reliant on Funding Circle’s systems and services to determine whether Loans comply with the Eligibility Criteria, the Funding Circle Warranties, the Seller Asset Warranty and for the ongoing loan monitoring and servicing of the Loan Portfolio.

Any failure of the current or future platforms, software and technology infrastructure and services developed, maintained or used by Funding Circle could have a material adverse effect on the ability of Funding Circle to perform these activities and therefore impact the Issuer’s results. In addition, certain of Funding Circle’s operations interface with, or depend on, current or future platforms, software and technology infrastructure operated by third parties who are outside the control of the Issuer, and Funding Circle may not be in a position to provide absolute assurance regarding the risks or reliability of such third-party systems.

The Issuer is reliant upon obtaining data feeds from Funding Circle. Any delays or failures could impact operational controls and the valuation of the Loan Portfolio. While Funding Circle monitors the performance of these current or future platforms, software and technology infrastructure, there can be no guarantee that issues will not arise, and any such issues may result in processing delays. To seek to mitigate this risk Funding Circle has defined processes in place to respond to disruption to IT services.

Any programs or systems used by Funding Circle (or on which Funding Circle is otherwise reliant) may be subject to certain defects, failures or interruptions, including those caused by computer “worms”, viruses and power failures. Such failures could adversely affect the origination and processing of Loans to fail, lead to inaccurate accounting, recording or processing of transactions, and cause inaccurate reports, which may affect the monitoring of the Loan Portfolio.

Any such defect or failure could cause the Issuer to suffer financial loss, the disruption of its business, regulatory intervention or reputational damage.

*Unpredictability of default rates*

The default history for loans originated via lending platforms is limited and actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

The methodology and assumptions used by Funding Circle to calculate the historical default experience may not be sufficiently accurate and accordingly may not accurately extrapolate the expected lifetime of loan defaults. As a result the Purchased Loan Receivables in the Loan Portfolio may have a higher risk of default than expected, which may result in increased losses to the Issuer.

*Prepayment risk*

Funding Circle Borrowers may decide to prepay all of the remaining principal amount due at any time without penalty. In the event of a prepayment of the entire remaining unpaid principal amount of a Purchased Loan Receivable acquired by the Issuer, the Issuer will receive such prepayment but further interest will not accrue after the date of the prepayment.

*Fraud*

Fraud is a risk affecting the platform lending industry in general. The value of the investments made by the Issuer may be affected by fraud, misrepresentation or omission on the part of Funding Circle Borrowers, by parties

related to a Funding Circle Borrower or by other parties to the Loans (or related collateral and security arrangements), including the Funding Circle Platform. While Funding Circle has put in place systems, intended in most cases to verify information provided by borrowers to reduce the risk of fraud, misrepresentation or omission such systems may not be sufficient, in all cases, to prevent Loans being originated on the basis of fraud, misrepresentation or omission. Any such fraud, misrepresentation or omission may adversely affect the value of the security underlying the affected Purchased Loan Receivable(s) (in circumstances where security has been taken) or may adversely affect the Issuer's ability to enforce its contractual rights under such Purchased Loan Receivable(s) or for the Funding Circle Borrower to repay principal or interest on it or its other debts. In the event of fraud, misrepresentation or omission in respect of a Purchased Loan Receivable, Funding Circle may require a Funding Circle Borrower to make an early repayment of the amount outstanding under the related Loan.

#### *Money laundering and proceeds of crime*

Any material failure by the Funding Circle Platform or the Issuer to comply with anti-money laundering restrictions or in connection with any investigation relating thereto could result in fines or penalties. Such fines or penalties could have a material adverse effect on the Issuer directly, for amounts owed for fines or penalties, or indirectly, as a result of any adverse publicity which might in turn have an effect on the liquidity and value of the Loan Portfolio.

#### *Competitive Environment*

A number of competing businesses operate in the platform lending sector and the number of suitable lending opportunities is finite. The continued success of the Funding Circle Platform and the success of the business of Funding Circle Ltd is contingent on, among other things, Funding Circle Ltd being well run, maintaining and/or expanding its market share and avoiding adverse publicity or otherwise a loss of reputation. If Funding Circle Ltd were to encounter financial difficulties it is highly likely that this would impair its ability to perform its duties as Servicing and Collection Agent under the Servicing Agreement.

#### **Counterparty risks**

##### *Issuer reliance on other third parties*

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate administration services to the Issuer, the Issuer Account Bank has agreed to provide the Issuer Accounts to the Issuer, the Servicing and Collection Agent has agreed to service the Loan Portfolio, the Back-Up Servicing and Collection Agent has agreed to replace the Servicing and Collection Agent following the termination of the Servicing and Collection Agent's appointment as Servicing and Collection Agent, the Cash Manager and Calculation Agent has agreed to provide cash management services to the Issuer, the Principal Paying Agent and the Registrar have agreed to provide certain agency services to the Issuer in connection with the Notes and the Reporting Agent has agreed to provide certain reporting services in connection with the transparency requirements of the Securitisation Regulation. In some cases, the above parties are entitled to delegate the performance of the relevant services to third parties. In the event that any of the above parties or their delegates were to fail to perform their obligations under the respective agreements to which they are a party, payments on the Notes may be adversely affected. In the case of non-performance by a delegate of any of the above parties, the delegate may be a party with whom the Issuer does not have any direct contractual relationship and therefore the Issuer will not be able to directly enforce performance by that delegate.

Investors should also be aware that third parties on which the Issuer relies may be adversely impacted by the general economic climate. At the date of this document, global markets have recently been negatively impacted by the then prevailing global credit market conditions as further described above in "*Risks related to economic environment*". If such conditions were to return, these factors affecting Transaction Parties specifically, as well as market conditions generally, could adversely affect the performance of the Notes. In addition, there can be no assurance that governmental or other actions would improve market conditions in the future should conditions deteriorate.

The sole remedy of the Issuer in respect of a breach of one or more of the Funding Circle Warranties shall be the requirement that Funding Circle purchases (or procures that another member of the Funding Circle Group purchases) any Purchased Loan Receivable in respect of which a breach of any Funding Circle Warranty has occurred in an amount equal to the relevant Remedy Amount or pays the Issuer an amount equal to the Remedy Amount, in respect of such Purchased Loan Receivable when obliged to do so on a date falling not later than the

Remedy Date. This shall not limit any other remedies available to the Issuer if Funding Circle fails to purchase a Purchased Loan Receivable when obliged to do so.

There can be no assurance that Funding Circle will have the financial resources to honour its obligations to purchase or make payments in respect of any Purchased Loan Receivable in respect of which a breach of Funding Circle Warranty has occurred.

If any Glencar XI Purchased Loan Receivable or Great Trinity Purchased Loan Receivable did not satisfy the Eligibility Criteria as at its applicable Determination Date (or at the time otherwise indicated) and Funding Circle has not discharged the applicable Affected Loan Remedy in respect of such Glencar XI Purchased Loan Receivable or the Great Trinity Purchased Loan Receivable by the applicable Remedy Date, then Glencar XI or Great Trinity, as applicable, shall deposit an amount equal to the relevant Remedy Amount in respect of the relevant Affected Loan in the Issuer Transaction Account on a date falling not later than the Remedy Date.

The sole remedy of the Issuer in respect of a breach of the Seller Asset Warranty, as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable, shall be the requirement that the relevant Seller pay a Deemed Collection in an amount equal to the relevant Remedy Amount in respect of such Purchased Loan Receivable to the Issuer Transaction Account, in each case, on a date falling not later than the Remedy Date. This shall not limit any other remedies available to the Issuer if the relevant Seller fails to pay a Deemed Collection to the Issuer in respect of a Purchased Loan Receivable when obliged to do so.

There can be no assurance that the relevant Seller will have the financial resources to pay (i) a Deemed Collection to the Issuer in respect of any Purchased Loan Receivable in respect of which a breach of the Seller Asset Warranty has occurred or (ii) the relevant Remedy Amount if Funding Circle fails to discharge the applicable Affected Loan Remedy in respect of any Purchased Loan Receivable which did not satisfy the Eligibility Criteria as at its applicable Determination Date (or at the time otherwise indicated).

The number of purchases or Deemed Collections pursuant to the Receivables Sale and Assignment Agreement will affect the timing of principal amounts received by the Issuer and hence payments of principal and (in the event of a shortfall) interest on the Notes.

#### *The Servicing and Collection Agent*

The Servicing and Collection Agent will be appointed by the Issuer to service the Loan Portfolio. In case the appointment of the Servicing and Collection Agent as servicer is terminated in accordance with the provisions of the Servicing Agreement, the Back-Up Servicing and Collection Agent will be required to perform the services of the Servicing and Collection Agent in respect of the Loan Portfolio, excluding the obligation of Funding Circle to purchase or make a payment in respect of any Affected Loans pursuant to the Transaction Documents.

If the appointment of the Servicing and Collection Agent is terminated in accordance with the provisions of the Servicing Agreement and the performance of the Services is commenced by the Back-Up Servicing and Collection Agent in accordance with the terms of the Back-Up Servicing Agreement, the collection of payments on the Purchased Loan Receivables and the provision of the Services could be disrupted during the transitional period in which the performance of the Services is commenced by the Back-Up Servicing and Collection Agent. Any failure or delay in collection of payments on the relevant Purchased Loan Receivables resulting from a disruption in the servicing of the Purchased Loan Receivables could ultimately adversely affect payments of interest and principal on the Notes. A failure or delay in the performance of the Services, in particular reporting obligations, could affect the payments of interest and principal on the Notes. Such risk is mitigated by the provisions of the Back-Up Servicing Agreement pursuant to which the Back-Up Servicing and Collection Agent is required to receive from the Servicing and Collection Agent on a continuous basis servicing related information and to update and set up its systems to ensure that it can replace the Servicing and Collection Agent at short notice after the appointment of the Servicing and Collection Agent is terminated.

The Servicing and Collection Agent has no obligation itself to advance payments that Funding Circle Borrowers fail to make in a timely fashion.

For further details, see the section entitled "*Certain Transaction Documents – Servicing Agreement*".

#### *Funding Circle's business*

Because payments on the Notes are dependent on the performance of the Purchased Loan Receivables, the performance of the Notes will likely be adversely affected by adverse developments in Funding Circle's business, particularly in its servicing business that affects the Purchased Loan Receivables. The Purchased Loan Receivables are serviced by Funding Circle in its capacity as Servicing and Collection Agent, and the Issuer will also rely exclusively on the collection and enforcement efforts of Funding Circle, the Security Holders or the applicable collection agencies engaged by Funding Circle for the collection of payments in respect of the Purchased Loan Receivables. In addition to any effect on the servicing of the Purchased Loan Receivables, adverse developments in Funding Circle's business could adversely affect participation on the Funding Circle Platform and Funding Circle's ability to generate income, which in turn could adversely affect Funding Circle's ability to perform its purchase and payment obligations in respect of the Purchased Loan Receivables under the Receivables Sale and Assignment Agreement and the other Transaction Documents, which are remedies on which the Issuer relies in order to perform its obligations under the Notes.

#### *Funding Circle's policies*

Funding Circle's servicing policies and procedures may change over time as a result of new data, new innovations and technology, and changes in the law. Funding Circle tests current and new servicing practices to develop and refine its practices. Areas tested may include different methods as well as intensity of contact at different stages in the collections. If a test shows that a new practice is an improvement over the existing practice, the new servicing and collection practice is applied to the entire portfolio going forward. Pursuant to the Servicing Agreement, Funding Circle will represent and warrant on the date thereof and each date thereafter until the Final Payout Date that no amendment to the Funding Circle Policies has been made since the Closing Date which would reasonably be expected to have a material adverse effect on (i) the rights or obligations of the Issuer under the Servicing Agreement, or (ii) the value or collectability of the Loan Portfolio, in each case without the prior written consent of the Issuer (but without the prior written consent of the Trustee being required).

#### *Funding Circle conflicts of interest*

Funding Circle acts in various capacities in the Transaction including as the Servicing and Collection Agent, as a Security Holder and as a Retention Holder. Actual or potential conflicts may arise between the interests of such entities and the interests of the Issuer and the other Noteholders. Funding Circle will have only those duties and responsibilities expressly agreed by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its 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 as expressly provided in such Transaction Documents. Funding Circle, in its various capacities in connection with the Transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefore in connection with the Transaction. Given the nature of the platform lending industry and the potentially differing interests of the various stakeholders, including investors in loans, borrowers, third-party service providers, as well as the Funding Circle Group, actual or perceived conflicts of interest may arise. Conflicts can arise, for example, when there are competing interests between the Funding Circle Group on the one hand, and investors in loans or borrowers on the other, as well as between investors investing in loans or loan parts through Funding Circle's platform via different channels with differing contractual terms and conditions. While Funding Circle has put in place a conflicts of interest policy aimed at ensuring that investors in loans and borrowers are always treated fairly, there are inherent limitations in such policies, including the possibility that certain risks have not been identified or that such policies are not adhered to.

#### *The Back-Up Servicing and Collection Agent*

If the appointment of the Back-Up Servicing and Collection Agent is terminated or if the Back-Up Servicing and Collection Agent is unable to perform the Services following the giving of a Termination Notice, there can be no assurance that a replacement back-up servicing and collection agent with sufficient experience of administering loans similar to those in the Loan Portfolio would be found who would be willing and able to service the Purchased Loan Receivables. The ability of any entity acting as a back-up servicing and collection agent to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute back-up servicing and collection agent may affect payments on the Purchased Loan Receivables and hence the Issuer's ability to make payments when due on the Notes.

The failure of the Back-Up Servicing and Collection Agent to commence performance of the Services following the termination of the appointment of the Servicing and Collection Agent as servicer in accordance with the Servicing Agreement could result in the failure or delay in collection of payments on the relevant Purchased Loan

Receivables and ultimately could adversely affect payments of interest and principal on the Notes. Similarly, if the Back-Up Servicing and Collection Agent assumes performance of the Services as Successor Servicing and Collection Agent, there can be no assurance that, if required, a replacement back-up servicing and collection agent could be found. The Back-Up Servicing and Collection Agent has no obligation itself to advance payments that Funding Circle Borrowers fail to make in a timely fashion.

For further details, see the section entitled “*Certain Transaction Documents – Back-Up Servicing Agreement*”.

*Risk inherent in the Servicing and Collection Agent’s and Back-Up Servicing and Collection Agent’s business*

The Servicing and Collection Agent’s, and the Back-Up Servicing and Collection Agent’s business depends on the ability of the Servicing and Collection Agent or Back-Up Servicing and Collection Agent, as applicable, to process a large number of transactions efficiently and accurately. Losses can result from inadequate or failed internal control processes, and systems, human error, fraud or from external events that interrupt normal business operations. In the event of a Servicing Termination Event or a Back-Up Servicing Termination Event, the Issuer may be required to appoint a replacement Servicing and Collection Agent or Back-Up Servicing and Collection Agent (as the case may be). Depending on market circumstances, it may be difficult to appoint a replacement Servicing and Collection Agent or Back-Up Servicing and Collection Agent in such circumstances and the fees charged by any replacement Servicing and Collection Agent or Back-Up Servicing and Collection Agent will be payable in priority to interest and principal in respect of the Notes.

*Certain material interests*

The Arranger, the Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Funding Circle, the Sellers or the Retention Holders.

In addition, Funding Circle will act as Servicing and Collection Agent in respect of Loans in respect of which unrelated third parties will act as Funding Circle Investors.

Nothing in the Transaction Documents shall prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

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

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

*The Trustee is not obliged to act in certain circumstances*

The Trustee may, at any time, at its discretion and without further notice, institute such steps, actions or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class (including these Conditions), the Charge and Assignment or under the other Transaction Documents or, following the delivery of an Enforcement Notice, to enforce the Security, but it shall not be bound to do so unless:

- (a) so requested in writing by the Noteholders of at least 25 *per cent.* in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (b) so directed by Noteholders of the Most Senior Class of Notes acting by way of Extraordinary Resolution,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

*Change of counterparties*

The Interest Rate Cap involves the Issuer entering into contracts with one or potentially more counterparties. Pursuant to such contracts, the counterparties agree to make payments to the Issuer under certain circumstances

as described therein. The Issuer will be exposed to the credit risk of the counterparty with respect of any such payments. Counterparties in respect of the Interest Rate Cap are required to satisfy the applicable Rating Agency requirements, upon entry into the applicable contract or instrument.

If, following entry into an Interest Rate Cap, a counterparty is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Agency requirement, there will be a termination event under the Interest Rate Cap unless the counterparty effects a specified cure within the applicable grace period following such rating withdrawal or downgrade as set out in the Interest Rate Cap. Such cures include a counterparty transferring its obligations under the Interest Rate Cap to a replacement counterparty that satisfies certain specified eligibility criteria (including the ratings requirement), obtaining a guarantee of its obligations by a guarantor that satisfies certain specified eligibility criteria (including the ratings requirements), collateralising its obligations in a manner satisfactory to the Rating Agencies or effecting some other such strategy which will not have an adverse effect on the Rated Notes.

Similarly, the Issuer will be exposed to the credit risk of the Issuer Account Bank to the extent of, respectively, all cash of the Issuer held in the Issuer Accounts and all Swap Collateral and Excess Swap Collateral of the Issuer held by the Issuer Account Bank as a custodian. If the Issuer Account Bank is no longer an Eligible Institution as set out in the Account Bank Agreement, the Issuer shall use its reasonable endeavours to procure the appointment of a replacement Issuer Account Bank or custodian, as the case may be, with the applicable Rating Agency requirements and within the time limits prescribed for such action in the applicable Transaction Documents.

Transactions with counterparties that are relevant institutions for the purposes of the BRRD may be subject to the exercise of the “bail-in” powers attributed to Resolution Authorities under the BRRD or similar resolution mechanisms provided for in Regulation (EU) No. 806-2014 (the “**SRM Regulation**”). See the section entitled “*Some Important Legal and Regulatory Considerations — EU Bank Recovery and Resolution Directive*”.

## **Risks related to economic environment**

### *European Union and Eurozone Risk*

Investors should carefully consider how changes to the Eurozone may affect their investment in the Notes. Since the global economic crisis, the deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, has continued to pose risks. This situation has also raised uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Eurozone.

As a confidence building measure, the European Commission created the European Financial Stability Facility (the “**EFSF**”) and the European Financial Stability Mechanism (the “**EFSM**”) to provide funding to Eurozone countries in financial difficulties that seek such support. Subsequently, the European Council agreed that Eurozone countries would establish a permanent stability mechanism, the European Stability Mechanism (the “**ESM**”), to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries which has been active since July 2013.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Italy, Ireland, Spain and Portugal, together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily including as a result of an electoral decision to leave the European Union), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the Loan Portfolio.

Furthermore, concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Loan Portfolio (including the risks of currency losses arising out of redenomination), Issuer and the Notes. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

### *Brexit*



On 23 June 2016, the UK held an advisory referendum with respect to its continued membership of the EU (the “**Referendum**”). The result of the Referendum was a vote in favour of leaving the EU. Whilst the result of the Referendum itself is clear, the next steps of the UK executive and UK Parliament and the reaction of the other Member States to these steps is not. In particular, the format of the negotiations, the negotiation positions of the participants and timeframe are uncertain, with any limited public statements subject to change.

Article 50 of the Treaty on European Union (“**Article 50**”) provides that a Member State which decides to withdraw from the EU is required to notify the European Council of its intention to do so.

The UK government gave formal notice of the UK’s intention to withdraw from the EU pursuant to Article 50 on 29 March 2017, which has triggered the commencement of a negotiation process between the UK and the EU in respect of the arrangements for the UK’s withdrawal from the EU. Article 50 provides for a two year period for such negotiations to take place unless the European Council, in agreement with the UK unanimously decides to extend this period. That deadline has subsequently been extended to 31 January 2020, allowing for a general election to be held on December 12, 2019 and to potentially allow for the approval of a withdrawal agreement and related political declaration on the future relationship between the United Kingdom and the European Union, with the option to leave earlier if the withdrawal agreement and political declaration are approved prior to that date.

It is possible that the UK will leave the EU without a withdrawal agreement in place, which could result in political and economic uncertainty. Investors should be aware that the Issuer’s ability to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes may be materially affected by this uncertainty which might also have an adverse impact on the Loan Portfolio and could therefore also be materially detrimental to Noteholders. Any related potential adverse economic conditions may also affect the ability of the Funding Circle Borrowers to make payments under the Purchased Loan Receivables which in turn may adversely affect the ability of the Issuer to pay interest and repay principal to the Noteholders.

#### *Applicability of EU law in the UK*

It is at present unclear what type of relationship between the UK and the EU will be established, or at what date (whether by the time when, or after, the UK ceases to be a member of the EU), or what would be the content of such a relationship. It is possible that a new relationship would preserve the applicability of certain EU rules (or equivalent rules) in the UK. At this time it is not possible to state with any certainty to what extent that might be so.

Upon any withdrawal from the EU by the UK, and subject to agreement on (and the terms of) any future EU-UK relationship, EU laws (other than those EU laws transposed into English law (see below)) will cease to apply within the UK pursuant to the terms and timing of a future withdrawal agreement. This would be achieved by the UK ceasing to be party to the Treaty on European Union and the Treaty on the Functioning of the European Union, and by the parallel repeal of the European Communities Act 1972. The UK was due to cease to be a member of the EU from the date of entry into force of a withdrawal agreement or, if a withdrawal agreement was not concluded in such time, two years after the notification under Article 50 was served (such date being 29 March 2017), unless the European Council, in agreement with the UK, unanimously decided to extend this period. Following the UK Government’s decision to invoke Article 50 on 29 March 2017, it is expected that the UK will leave the EU by 31 January 2020 (following an extension of the previously extended deadline of 30 June 2019 to 31 October 2019 following an emergency EU summit on 10 April 2019 and a further extension from 31 October 2019 to 31 January 2020), although the UK’s exit from the EU could happen before that time if the withdrawal and the framework of the future relationship between the UK and the EU agreement can be ratified before then.

On 19 March 2018, the UK and the EU published an updated version of the draft withdrawal agreement. On 19 June 2018 the European Commission and the UK published a joint statement outlining the progress that had been achieved since 19 March 2018 on the terms of the draft withdrawal agreement. The draft withdrawal agreement provides for a transition or implementation period, which will start on the date of entry into force of the agreement, which is stated to be 30 March 2019, and end on 31 December 2020. The draft withdrawal agreement provides that, unless otherwise provided in the agreement, EU law will be applicable to and in the UK during the transition period.

However, at this time it is not possible to state with certainty if and when a withdrawal agreement will be entered into, what might be the final terms and effective date of such a withdrawal agreement or the date on which the transition period will end. Until such date, EU law is expected to remain applicable to and in the UK.

Upon any withdrawal from the EU by the UK, and subject to agreement on (and the terms of) any future UK-EU relationship, EU law will cease to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Over the years, English law has been devised to function in conjunction with EU law (in particular, laws relating to financial markets, financial services, prudential and conduct regulation of financial institutions, financial collateral, settlement finality and market infrastructure). As a result, depending on the terms of the UK's exit from the EU, substantial amendments to English law may occur. Consequently, English law may change and it is impossible at this time to predict the consequences on the Loan Portfolio or the Issuer's business, financial condition, results of operations or prospects. Such changes could be materially detrimental to Noteholders.

#### *Regulatory Risk*

Currently, under the EU single market directives, mutual access rights to markets and market infrastructure exist across the EU and the mutual recognition of insolvency, bank recovery and resolution regimes applies. In addition, regulated entities licensed or authorised in one EEA jurisdiction may operate on a cross-border basis in other EEA countries without the need for a separate licence or authorisation. There is uncertainty as to how, following a UK exit from the EU, and probably the EEA (whatever the form thereof), the existing passporting regime will apply (if at all). Depending on the terms of the UK's exit and the terms of any replacement relationship, it is likely that, UK regulated entities may, on the UK's withdrawal from the EU, lose the right to passport their services to EEA countries, and EEA entities may lose the right to reciprocal passporting into the UK. Also, UK entities may no longer have access rights to market infrastructure across the EU and the recognition of insolvency, bank recovery and resolution regimes across the EU may no longer be mutual.

There can be no assurance that the terms of the UK's exit from the EU will include arrangements for the continuation of the existing passporting regime or mutual access rights to market infrastructure and recognition of insolvency, bank recovery and resolution regimes. Such uncertainty could adversely impact the Issuer and, in particular, the ability of third parties to provide services to the Issuer, and could be materially detrimental to Noteholders.

#### *Market Risk*

Following the results of the Referendum, the financial markets have experienced volatility and disruption. This volatility and disruption may continue or increase, and investors should consider the effect thereof on the market for securities such as the Notes and on the ability of Obligor to meet their obligations under the Loans.

Investors should be aware that the result of the Referendum and any subsequent negotiations, notifications, withdrawal and changes to legislation may introduce potentially significant new uncertainties and instabilities in the financial markets. These uncertainties and instabilities could have an adverse impact on the business, financial condition, results of operations and prospects of the Issuer, the Obligor, the Loan Portfolio and the other parties to the transaction and could therefore also be materially detrimental to Noteholders.

#### *Exposure to Counterparties*

The Issuer will be exposed to a number of counterparties (including in relation to the Interest Rate Cap and also each of the Agents) throughout the life of the Notes. Investors should note that if the UK does leave the EU, such counterparties may be unable to perform their obligations due to changes in regulation, including the loss of, or changes to, existing regulatory rights to do cross-border business in the EU or the costs of such transactions with such counterparties may increase. In addition, counterparties may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the result of the Referendum, therefore increasing the risk that such counterparties may become unable to fulfil their obligations. Such inability could adversely impact the Issuer and could be materially detrimental to Noteholders. For further information on counterparties, see the section entitled "*Risk Factors — Counterparty Risks — Change of counterparties*" above.

#### *Ratings actions*

Following the result of the Referendum, S&P, Fitch and Moody's have each downgraded the UK's sovereign credit rating and each of S&P and Fitch has placed such rating on negative outlook, suggesting possible further negative rating action.

The credit rating of a country affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Accordingly, the recent downgrades of the UK's sovereign credit rating and any further downgrade action may trigger downgrades in respect of parties to the Transaction Documents. If a counterparty no longer satisfies the relevant rating requirement, the Transaction Documents may require that such counterparty be replaced with an entity that satisfies the relevant rating requirement. If rating downgrades are widespread, it may become difficult or impossible to replace counterparties with entities that satisfy the relevant rating requirement.

While the extent and impact of these issues are unknown, investors should be aware that they could have an adverse impact on the Issuer, its service providers, the payment of interest and repayment of principal on the Notes and therefore, the Noteholders. For further information, see the section entitled "*Risk Factors — Counterparty risks — Change of counterparties*" above.

#### *Currency exchange rates and exchange controls*

Since the result of the Referendum there has been increased volatility in the currency exchange rates. Investors should note that all payments on the Notes will be denominated in Sterling. Investors who are investing in the Notes, but who consider their investment profile and return in another currency may incur a number of risks including those relating to changes in exchange rates (which may be significant). An appreciation in the value of the investor's currency relative to the Sterling would result in a decrease of (1) the investor's currency-equivalent yield on the Notes, (2) the investor's currency-equivalent value of the principal payable on the Notes and (3) the investor's currency-equivalent market value of the Notes.

#### *Macro-economic conditions*

Over the past several years, European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain EU member states (the "**Member States**") rising government debt levels, credit rating downgrades and risk of default or restructuring of government debt. These events could cause bond yields and credit spreads to increase.

Many European economies continue to suffer from high rates of unemployment. This economic climate may have an adverse effect on the ability of consumers and businesses to repay or refinance their existing debt.

As discussed further in "*European Union and Euro Zone Risk*" above, it is possible that countries that have adopted the Euro could return to a national currency. The effect on a national economy as a result of it leaving the Euro is impossible to predict, but is likely to be negative. The exit of one or more countries from the Euro zone could have a destabilising effect on all European economies and possibly the global economy as well.

Significant risks for the Issuer and investors exist as a result of current economic conditions and these risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to the Final Maturity Date. These risks include, among others, the illiquidity of the Notes. These additional risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their Final Maturity Date.

Difficult macro-economic conditions may adversely affect the performance and the realisation value of the Loan Receivables. It is also possible that the Loan Receivables will experience higher delinquency and default rates than anticipated and that performance will suffer.

Many financial institutions, including banks, continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may result in the disruption of payments to the Issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer, the Loan Receivables and the Notes.

The result of the above is a significantly more restrictive regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Such additional rules and regulations could, among other things, adversely affect Noteholders.

While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that structured finance markets will recover from an economic downturn at the same time or to the same degree as such other recovering sectors.

*Supranational organisations*

Certain national and supranational organisations have instituted programmes designed to encourage lending to SMEs in the United Kingdom and/or Europe. Notwithstanding such arrangements, the Notes will be limited recourse obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. While Funding Circle, the Arranger, the Joint Lead Managers and other Transaction Parties are generally supportive of schemes such as these, no Transaction Party is required to support these programmes or to provide assistance to any person wishing to participate in or take advantage of such programmes.

**Regulatory, taxation and legal risks***The Assets of the Issuer May Constitute “Plan Assets” for Purposes of ERISA*

The Issuer expects that, on the Closing Date and during certain periods following the Closing Date, the assets of Glencar XI will, and the assets of the Issuer may, be considered “plan assets” for purposes of ERISA, and Waterfall will be considered an ERISA fiduciary with respect to any assets of Glencar XI and/or the Issuer that are considered “plan assets”. Certain potential investors that are considered to be related to Waterfall or to Benefit Plans whose “plan assets” are considered to be held by the Issuer will be prohibited from acquiring Notes even if such investors are not Benefit Plans. There is a risk that the so-called “ERISA QPAM Exemption”, which is discussed in detail in section “*ERISA considerations applicable to all investors whether or not they are Benefit Plans—ERISA “Plan Asset” Status of the Issuer*”, may not be available with respect to all potential investors in and transactions involving the Notes. Certain persons who are related to Waterfall or who are related to the employee benefit plans that have an interest in the Issuer during any periods when the assets of the Issuer are considered “plan assets” could, by investing in the Notes, engage in a non-exempt prohibited transaction under ERISA and the Code and could be liable for substantial excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary or fiduciaries of the employee benefit plans that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Each potential investor that is not a Benefit Plan must obtain information from Waterfall on behalf of the Issuer relating to such prohibited investors and will be deemed or required to represent that it is not a prohibited investor. See “*ERISA Considerations Applicable to All Investors Whether or Not They Are Benefit Plans—ERISA Considerations Relating to Investments in Notes by Investors That Are Not Benefit Plans*”.

*Preferred Creditors under Irish Law*

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company’s requirements for the duration of his appointment) which have been approved by the Irish courts. See “*Examinership*” below.

The holder of a fixed security over the book debts of an Irish incorporated company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder’s liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of VAT) arising after the issuance of the Irish Revenue Commissioners’ notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable out of the proceeds of such disposal for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

*Examinership*

Examinership is a court procedure available under the Companies Act to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme or arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by either the Irish Circuit Court or the Irish High Court (as applicable, and each, a “**relevant Irish Court**”) when at least one class of creditors has voted in favour of the proposals and the relevant Irish Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the relevant Irish Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders or resulted in Noteholders receiving less than they would have if the Issuer was wound up. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

- (a) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured pursuant to the Charge and Assignment;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and (c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner’s remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the relevant Irish Court) will take priority over the amounts secured by the charges held for the benefit of the Noteholders and the other Secured Creditors under the Charge and Assignment; and
- (c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner’s remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the relevant Irish court) will take priority over the moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the secured creditors under the Notes or under any other secured obligations.

#### *Fixed Charges may take effect as Floating Charges*

It is the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security. Dealing with the assets includes disposing of such assets or expending or appropriating the moneys or claims constituting such assets. Accordingly, if and to the extent that such liberty is given to the Issuer, any such fixed charge may instead operate as a floating charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security purported to be created by the Charge and Assignment would be regarded by the Irish courts as a floating charge. Floating charges have certain weaknesses, including the following:

- (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (b) they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up even if crystallised prior to the commencement of the winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

#### *Qualifying as an STS Securitisation under the Securitisation Regulation*

The Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations (the “**STS-securitisations**”). The Transaction is intended to qualify as an STS-securitisation within the meaning of article 18 of the Securitisation Regulation.

The Retention Holders, in their capacity as originators for the purposes of the Securitisation Regulation, intend to jointly submit, within 15 Business Days of the Closing Date, an STS Notification to ESMA in accordance with article 27 of the Securitisation Regulation, and to the FCA, confirming that the STS Requirements have been satisfied with respect to the Transaction. The STS Requirements may change over time and therefore no assurance can be given that the Transaction, if it meets the STS Requirements at the time the initial STS Notification is published by ESMA, will remain compliant. The STS status of the Notes is not static and prospective investors should verify the current status of the Notes on ESMA’s website. No assurance can be given on how competent authorities will interpret and apply the STS Requirements (and international or national regulatory guidance may change) or other related regulations such as the CRR Amendment Regulation and the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended), and what is or will be required to demonstrate compliance to national regulators remains unclear.

In addition, following any withdrawal of the UK from the EU, the Securitisation Regulation and other related regulations, are expected to be adopted into UK law (and subject to the publication of national regulatory guidance), and, therefore, although the Transaction may satisfy the STS Requirements as adopted by the EU at the time the STS Notification is published by ESMA it may be the case that the Notes may no longer satisfy such requirements under EU law and/or UK law, as applicable. Investors need to make their own independent assessment of the impact on the capital treatment of any series of Notes which satisfied the STS requirements under EU law on issuance but which no longer satisfy such requirements following any withdrawal of the UK from the EU.

The Retention Holders have obtained a verification of compliance of the Notes with the STS Requirements from Prime Collateralised Securities (PCS) UK Limited (“**PCS**”), as well as with the relevant provisions of Article 243 and Article 270 of the CRR and/or Article 7 and Article 13 of the LCR Regulation (an “**STS Assessment**”). The involvement of an authorised verification agent is not mandatory and the responsibility for compliance with the Securitisation Regulation remains with the relevant institutional investors, originators, sponsors, funding entities and issuers, as applicable in each case. An STS Assessment cannot be relied on to determine such compliance 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 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 Securitisation Regulation need to make their own independent assessment and may not solely rely on the STS Assessment, the STS Notification or other disclosed information. Non-compliance with the status of an STS-securitisation may result in higher capital requirements for investors, as well as in various administrative sanctions and/or remedial measures being imposed on the Issuer or the Retention Holders. Any of such administrative sanctions and/or remedial measures may affect the ability of the Issuer to fulfil its payment obligations under the Notes.

*Risk Retention Obligation*

The Securitisation Regulation imposes a direct obligation on the originator, sponsor or original lender of a securitisation to retain on an ongoing basis a material net economic interest in the securitisation of not less than five per cent.

The Retention Holders, on a several basis, will subscribe for and hold (i) in the case of Funding Circle, 51 *per cent.* of the Minimum Retained Amount, and (ii) in the case of Glencar XI, 49 *per cent.* of the Minimum Retained Amount, being, in each case, a *pro rata* holding by reference to the Aggregate Collateral Principal Balance of the Purchased Loan Receivables in respect of which they respectively act as originator (their “**Origination Percentage**”).

A failure by a Retention Holder to comply with the Securitisation Regulation’s direct retention requirements or any other direct obligations imposed upon it under the Securitisation Regulation may result in administrative and/or criminal sanctions being imposed on such Retention Holder.

*With respect to the commitment of the Retention Holders to retain a material net economic interest in the securitisation, please see the statements set out in “Certain Regulatory Disclosures” below.*

*Interest rate benchmarks – including SONIA*

Various interest rate benchmarks (including SONIA) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the Benchmarks Regulation.

Under the Benchmarks Regulation, which came into force from 1 January 2018, in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including SONIA), the contribution of input data to a benchmark, and the use of a benchmark within the European Union. In particular, the Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Due to the reforms being considered with respect to interest rate benchmarks (including SONIA), based on the foregoing, investors should be aware that:

- (a) any of these reforms or pressures or any other changes to a relevant interest rate benchmark (including LIBOR and SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) while
  - (i) an amendment may be made under Condition 15.5 (*Additional Right of Modification to the Reference Rate*) to change the SONIA rate on the Rated Notes and the Class X Notes to an alternative benchmark rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions including objections to the proposed amendment being received by less than 10 per cent. of Noteholders of the Most Senior Class of Notes;
  - (ii) the Issuer is under an obligation to use reasonable endeavours to propose an Alternative Benchmark Rate in accordance with Condition 15.5 (*Additional Right of Modification to the Reference Rate*) under Condition 6(e)(i) (*Rate of Interest*); and
  - (iii) an amendment may be made under Condition 15.5 (*Additional Right of Modification to the Reference Rate*) to change the benchmark rate that then applies in respect of the Interest Rate

Cap for the purpose of aligning the benchmark rate of the Interest Rate Cap to the benchmark rate of the Notes following a Benchmark Rate Modification,

there can be no assurance that any such amendments will be made or, if made, that they (x) will fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes and the Interest Rate Cap or (y) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and

- (c) if SONIA is discontinued, and whether or not an amendment is made under Condition 15.5 (*Additional Right of Modification to the Reference Rate*) to change the benchmark rate on the Notes as described in paragraph (b) above, if a proposal for an equivalent change to the benchmark rate on the Interest Rate Cap is not approved in accordance with Condition 15.5 (*Additional Right of Modification to the Reference Rate*), there can be no assurance that the applicable fall-back provisions under the Interest Rate Cap would operate so as to ensure that the benchmark floating interest rate used to determine payments under the Interest Rate Cap is the same as that used to determine interest payments under the Notes, or that any such amendment made under Condition 15.5 (*Additional Right of Modification to the Reference Rate*) would allow the transaction under the Interest Rate Cap to effectively mitigate interest rate risk on the Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Notes.

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

Moreover, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (c) above) could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in amendments to the Conditions and the Interest Rate Cap, early redemption, delisting or other consequences in relation to the Notes. No assurance may be **provided that** relevant changes will or will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. In such circumstances, investors should be aware that either the Issuer or Interest Rate Cap Provider may terminate the Interest Rate Cap if the Interest Rate Cap Provider does not agree to an Interest Rate Cap Modification proposed by the Issuer in accordance with Condition 15.5 (*Additional Right of Modification to the Reference Rate*). Related termination payments may be payable by the Issuer and there can be no assurance that a replacement swap can be found. Investors should consider these matters when making their investment decision with respect to the Notes.

Notwithstanding the discussion above, investors should be aware that the market continues to develop in relation to the 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 Notes that reference SONIA and as used in the Interest Rate Cap. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Note Payment Date. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

#### *Taxation Position of the Issuer*

The Issuer has been advised that it should fall within the Irish regime for the taxation of qualifying companies as set out in Section 110 of the Taxes Consolidation Act 1997 (as amended) ("Section 110"), and as such should be taxed only on the amount of its retained profit after deducting all amounts of interest and other revenue expenses due to be paid by the Issuer subject to the Issuer meeting all relevant conditions of Section 110. If, for any reason, the Issuer is not or ceases to be entitled to the benefits of Section 110, then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cashflows connected with the Notes and as such could adversely affect the tax treatment of the Issuer and consequently the payments on the Notes. The Irish Government published draft legislation on 17 October 2019 as part of the Finance Bill 2019 that proposed to introduce some measures which may qualify the extent to which interest payable in respect of results-dependent securities (such as the Class Z Notes) may be deducted for Irish tax purposes. The measures propose that interest paid to persons which both hold 20% or more of results-dependent securities and exercise 'significant influence' over the Issuer



may only be deducted for Irish tax purposes to the extent it is payable to a person that is resident in Ireland or is subject to tax in a Member State of the European Union (other than Ireland) or a jurisdiction with which Ireland has a double tax treaty. It is proposed that ‘significant influence’ will mean an ability to participate in the financial and operating decisions of the Issuer. The proposed changes to the legislation have not yet been enacted and may be subject to amendment. In addition, it is not clear who could be considered to exercise ‘significant influence’ over the Issuer. For further details, see the section entitled “*Taxation*”.

#### *Withholding Tax on the Notes*

So long as the Notes remain “Quoted Eurobonds” in accordance with Section 64 of the Taxes Consolidation Act 1997, no withholding tax would currently be imposed by Ireland on payments of interest on the Notes provided that the Notes are held in a recognised clearing system or interest on the Notes is paid by or through a foreign paying agent. However, there can be no assurance that the law will not change (please see the section entitled “*Taxation - Ireland*” in relation to Irish withholding tax). In addition, as described under Condition 12 (*Taxes*), the Issuer is authorised to withhold amounts otherwise distributable to a holder if the holder fails to provide the Issuer or its agents with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the holder’s ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA.

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

In the event of the occurrence of a Tax Event pursuant to which any payment on the Notes of any Class becomes properly subject to any withholding tax or deduction on account of tax, the Notes shall be redeemed in whole but not in part subject to certain conditions as set out in Condition 8.4 (*Mandatory Redemption in whole following a Tax Event*).

#### *Irish Value Added Tax Treatment of the Intermediary Services Fees*

The Issuer has been advised that under current Irish law, the Intermediary Services Fees should be exempt from value added tax in Ireland as consideration paid for collective portfolio management services provided to a “qualifying company” for the purposes of section 110 of the TCA. This is based upon Article 135(1)(g) of Council Directive 2006/112/EC on the Common System of Value Added Tax (the “**VAT Directive**”), which provides that EU member states shall exempt the management of “special investment funds” as defined by EU member states. The Value-Added Tax Consolidation Act 2010 of Ireland, in the provisions implementing Article 135(1)(g) of the Directive, specifically lists, in the categories of undertakings to whom supplies of management services are exempt from VAT, undertakings which are “qualifying companies” for the purposes of section 110 of the TCA. The Issuer has been advised that it will be such a “qualifying company”, therefore management services supplied to it are exempt from value added tax in Ireland under current law. On 9 December 2015 the European Court of Justice handed down its judgment in the case of *Staatssecretaris van Financiën v Fiscale Eenheid X NV* cs Case C-595/13 which concerned Dutch law on value added tax, in particular the Dutch interpretation of the term “special investment fund” under the VAT Directive, and could suggest that the exemption had been enacted by some EU member states more broadly than is permitted by the VAT Directive. The Issuer is not, however, aware of any proposal to amend Irish domestic law to remove the exemption from value added tax on such fees for entities such as the Issuer.

#### *Changes in laws or regulations affecting Funding Circle or the Issuer*

The regulatory environment surrounding the platform lending industry is relatively new and susceptible to change and in certain respects requires clarifications or interpretive guidance in respect of existing laws and regulations. The body of law and regulation in respect of the platform lending industry is continuously evolving and, as currently drafted and applied by regulatory bodies, may result in technical requirements for market participants to hold certain permissions in relation to loans in smaller principal amounts, to certain entity types (*e.g.*, sole traders and small partnerships) or to SMEs located in certain jurisdictions, which are in excess of those required by the intended scope of legislation. Funding Circle is subject to laws and regulations enacted by national, state and local governments (as applicable) and the Issuer is, or may be in future affected by such laws and regulations. Any change in the law and regulation affecting the Issuer (or the Sellers) or affecting Funding Circle (in its capacity as Servicing and Collection Agent), may have a material adverse effect on the ability of Funding Circle and/or the Issuer (or the Sellers) to carry on their businesses.

*Privacy and data security laws*

Due to the personal and sensitive nature of the information that is collected from prospective borrowers and their primary business owner(s), it is imperative that platform operators comply with applicable laws and regulations governing the security of non-public personal information. Funding Circle has policies and procedures intended to maintain any non-public personal information it collects from borrowers and their primary business owner(s) securely and to ensure it is disposed of properly.

Through its participation in the Funding Circle Platform, the Issuer may obtain non-public personal information about loan applicants and their primary business owner(s), and intends to comply with applicable law in this regard. Any violations of data security or other applicable laws by the Issuer could subject it to fines, penalties, or other regulatory action, which, individually or in the aggregate, could be costly and would likely entail ongoing expense to ensure compliance. Likewise, violations by Funding Circle could adversely affect the operations of the Funding Circle Platform, and so affect the availability or performance of investments through this platform.

*Regulation of platform operators in the UK*

Lending platforms in the UK that carry out the regulated activity known as 'operating an electronic system in relation to lending' are subject to regulation by the Financial Conduct Authority ("FCA"). Funding Circle Ltd (firm registration reference number 722513) is and has been fully authorised by the FCA since 24 May 2017. Funding Circle Ltd has regulatory permissions to undertake the regulated activities of credit broking, debt administration, debt-collecting and operating an electronic system in relation to lending. In addition to authorising lending platform operators by granting regulatory permissions, the FCA also introduced certain regulatory controls for such firms, including conduct of business rules (in particular, around disclosure and financial promotions), minimum capital requirements, client money protection rules, dispute resolution rules and a requirement for platform firms to have resolution plans in place to ensure existing loans continue to be administered and serviced if the firm were to go out of business.

In June 2019, the FCA published final rules following its post-implementation review of the regulation of the peer-to-peer lending sector (the "2019 Rules"). The 2019 Rules, which must be implemented by December 2019, include:

- enhanced requirements for platform governance arrangements including in relation to credit risk assessment, risk management and fair valuation practices;
- strengthening rules on wind-down planning in the event of platform failure;
- setting out the minimum information that a platform should provide to investors; and
- introducing a requirement to monitor the investors that can use a platform, including that platforms assess investors' knowledge and experience of platform lending. Firms are required to ensure that retail clients:
  - be certified/self-certified as 'sophisticated investors' or 'high net worth investors'; or
  - confirm before a promotion is made that they will receive regulated investment advice or investment management services from an authorised person; or
  - not invest more than 10% of their net investible assets in P2P agreements in the 12 months following certification.

The impact of the implementation of the 2019 Rules and the outcome to Funding Circle's business, its customers and investors is currently uncertain as the rules have only recently been announced.

In March 2018, the European Commission published a proposal for a Regulation on European crowdfunding service providers for business. In summary, the proposal: (i) establishes a single point of access to the EU market with the aim of helping crowdfunding platforms to overcome the barriers they face operating cross-border as, currently, each EU country operates their own crowdfunding regulatory regime; (ii) sets out rules that EU crowdfunding service providers must comply with; (iii) increases opportunities for EU investors while safeguarding a high level of investor protection; and (iv) sets out the requirements crowdfunding service providers will have to meet to receive authorisation and provides a single point of entry for authorisation and supervision by a single authority (ESMA). The proposals have been considered by the European Parliament and the European Council, with amendments to the Commission's proposal adopted in a Parliamentary plenary session and

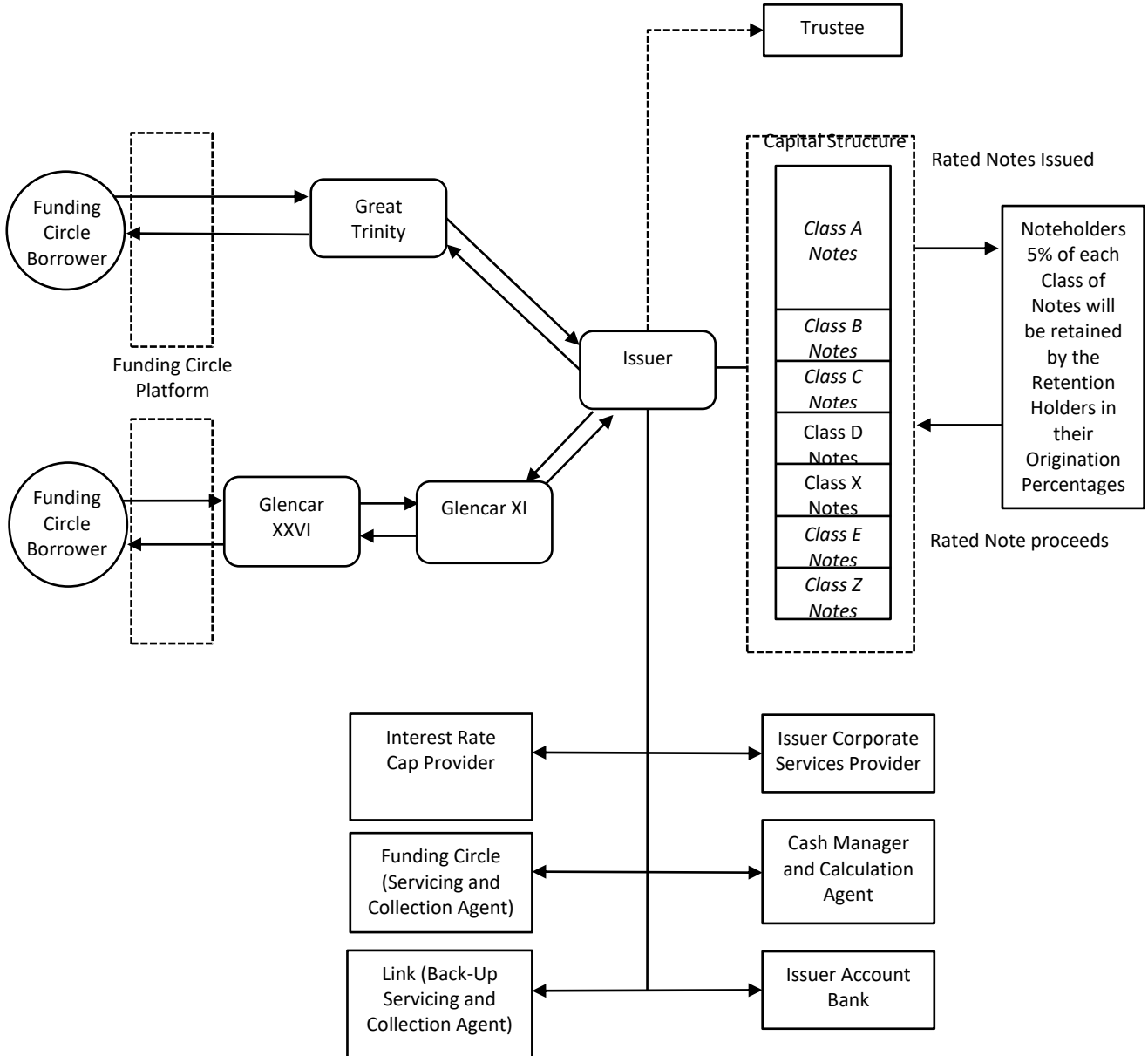
separately, in Council. The Commission, the Parliament and the Council will discuss their respective positions in the trilogue stage. Once adopted, the Commission intends for the Regulation to enter into force on the twentieth day following its publication in the Official Journal of the EU and it will apply 12 months thereafter.

As the rules have not yet been adopted there can be no guarantee as to whether any changes will be positive from Funding Circle Ltd's and/or investors' perspective, or whether such changes will be adverse from Funding Circle Ltd's and/or investors' perspective.

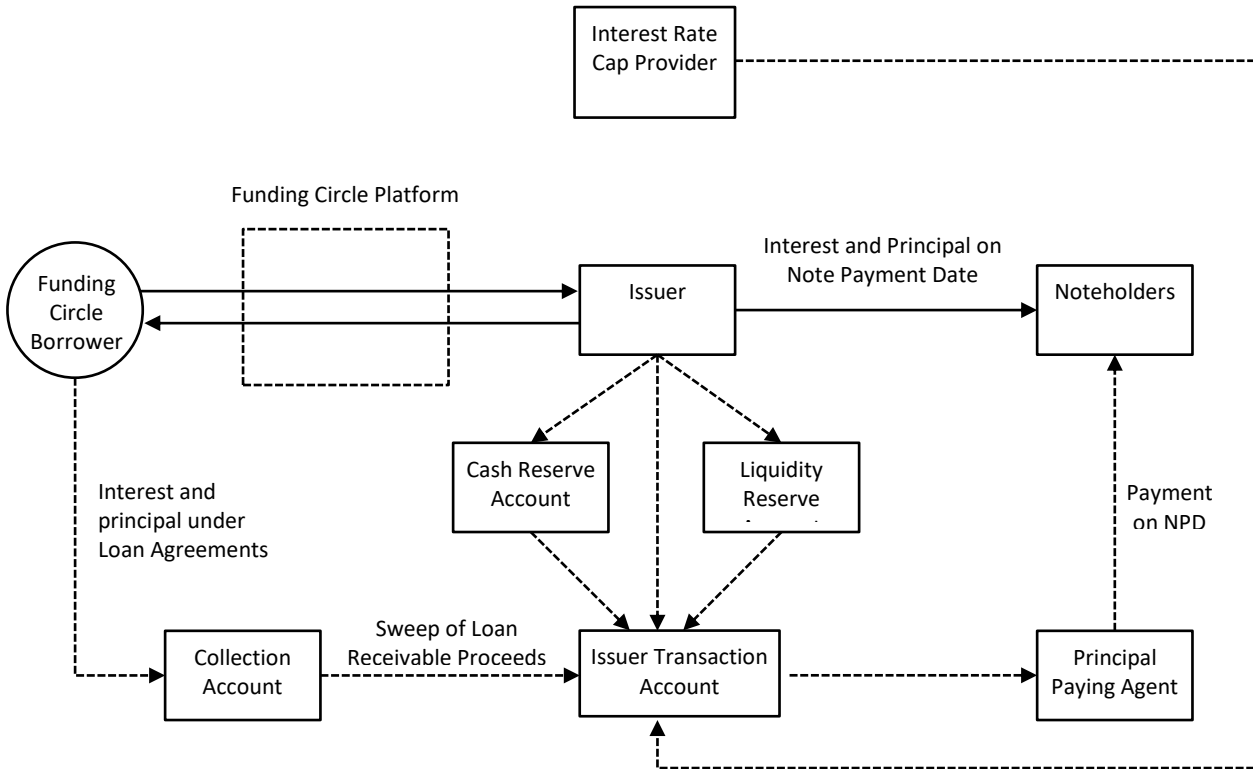
In addition to the FCA's review of the regulatory regime of peer-to-peer lending, there has been Parliamentary and governmental interest into the UK SME finance sector. This has arisen in light of the FCA's publication of findings from a regulatory investigation conducted into historic mistreatment of certain SME distressed customers by a UK bank. The government conducted an enquiry focused on the SME market, SMEs' access to finance, their ability to seek redress and the regulatory framework. The enquiry report was published in October 2018 and drew a number of conclusions relating to regulation and oversight of lending in the SME market. There are currently no legislative proposals to implement the conclusion but this could happen in the future. As such, the impact (if any) it will have on Funding Circle Ltd and the operation of the platform is unknown.

**OVERVIEW**

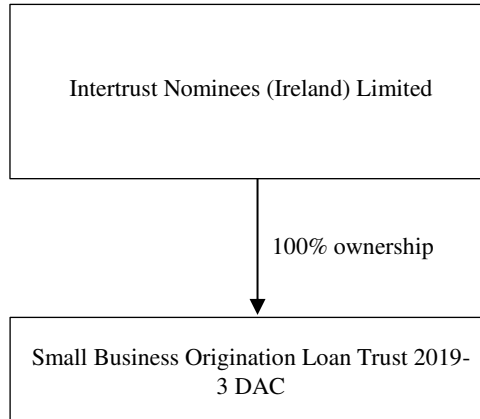
**DIAGRAMMATIC OVERVIEW OF THE TRANSACTION AT ISSUE**



**DIAGRAMMATIC OVERVIEW OF ONGOING CASHFLOW**



**DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE**



The diagram above illustrates the ownership structure of the special purpose company that will be party to the Transaction, as follows:

- The Issuer is wholly owned by Intertrust Nominees (Ireland) Limited.
- The entire issued share capital of the Issuer is held on trust by Intertrust Nominees (Ireland) Limited under the terms of declarations of trust for Irish charitable purposes.

## TRANSACTION PARTIES ON THE CLOSING DATE

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/ Further Information</b>
<b>Issuer</b>	Small Business Origination Loan Trust 2019-3 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland	
<b>Seller</b>	Great Trinity Lending 1 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland	Receivables Sale and Assignment Agreement
<b>Seller</b>	Glencar Investments XI Designated Activity Company	32 Molesworth Street, Dublin 2, Ireland	Receivables Sale and Assignment Agreement
<b>Servicing and Collection Agent</b>	Funding Circle Ltd	71 Queen Victoria Street, London, England, EC4V 4AY, United Kingdom	Servicing Agreement  See further the section entitled “ <i>The Servicing and Collection Agent and the Funding Circle Platform</i> ”
<b>Security Holders</b>	Funding Circle Ltd and Funding Circle Trustee Limited	71 Queen Victoria Street, London, England, EC4V 4AY, United Kingdom	Security Declaration of Trust and Funding Circle Mandate Letter  See further the section entitled “ <i>The Servicing and Collection Agent and the Funding Circle Platform</i> ”
<b>Back-Up Servicing and Collection Agent</b>	Link Financial Outsourcing Limited	Camelford House, 89 Albert Embankment, London SE1 7TP, United Kingdom	Back-Up Servicing Agreement  See further the section entitled “ <i>The Back-Up Servicing and Collection Agent</i> ”
<b>Cash Manager and Calculation Agent</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Cash Management and Calculation Agency Agreement  See further the section entitled “ <i>Overview Credit Structure and Cashflow</i> ”
<b>Interest Rate Cap Provider</b>	NatWest Markets Plc	250 Bishopsgate, London EC2M 4AA United Kingdom	Interest Rate Cap  See further the section entitled “ <i>The Interest Rate Cap Provider</i> ”
<b>Issuer Account Bank</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Account Bank Agreement
<b>Collection Account Bank</b>	Barclays Bank plc	1 Churchill Place London E14 5HP, United Kingdom	Collection Account Declaration of Trust
<b>Trustee</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf,	Trust Deed and Charge and Assignment

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/ Further Information</b>
		London E14 5LB, United Kingdom	
<b>Principal Paying Agent</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Principal Paying Agency Agreement
<b>Registrar</b>	Citigroup Global Markets Europe AG	Reuterweg 16, D-60323 Frankfurt, Germany	Principal Paying Agency Agreement
<b>Corporate Services Provider</b>	Intertrust Management Ireland Limited	1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland	Corporate Services Agreement
<b>Retention Holder</b>	Funding Circle Ltd	71 Queen Victoria Street, London, England, EC4V 4AY, United Kingdom	Master Framework Agreement
<b>Retention Holder</b>	Glencar Investments XI Designated Activity Company	32 Molesworth Street, Dublin 2, Ireland	Master Framework Agreement
<b>Subordinated Loan Provider</b>	Funding Circle Ltd	71 Queen Victoria Street, London, England, EC4V 4AY, United Kingdom	Subordinated Loan Agreement
<b>Subordinated Loan Provider</b>	Glencar Investments XI Designated Activity Company	32 Molesworth Street, Dublin 2, Ireland	Subordinated Loan Agreement
<b>Reporting Agent</b>	Funding Circle Ltd	71 Queen Victoria Street, London, England, EC4V 4AY, United Kingdom	Reporting Agency Agreement
<b>Auditors</b>	Deloitte Ireland LLP	29 Earlsfort Terrace, Dublin 2, Ireland	N/A



## TRANSACTION OVERVIEW

*This overview below highlights information contained elsewhere in this document and does not contain all of the information that prospective investors should consider before investing in the Notes. It should be read only as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus in its entirety.*

### The Issuer

Small Business Origination Loan Trust 2019-3 DAC is a designated activity company limited by shares, registered under Part 16 of the Companies Act and incorporated under the laws of Ireland having its registered office at 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset backed securities in the Transaction as more particularly described below.

### The Transaction

The Issuer will issue the Notes on the Closing Date. The Issuer will apply the net proceeds from the issue of the Notes to pay the Purchase Price to the Sellers in respect of the Loan Portfolio pursuant to the Receivables Sale and Assignment Agreement and the Payment Netting Agreement.

In addition, the Issuer will, on the Closing Date, make a drawing under each Subordinated Loan pursuant to the Subordinated Loan Agreement entered into with Funding Circle (in its capacity as a Subordinated Loan Provider) and Glencar XI (in its capacity as a Subordinated Loan Provider). The Issuer will use the proceeds of the Subordinated Loans, among other items, as follows: (i) to make a deposit in an amount equal to the Cash Reserve Required Amount into the Cash Reserve Account; (ii) to make a deposit in an amount equal to the Liquidity Reserve Required Amount into the Liquidity Reserve Account; (iii) to purchase the Interest Rate Cap on the Closing Date; and (iv) to pay any amount of Purchase Price in respect of the Loan Portfolio not paid by the net proceeds from the issue of the Notes.

The Loan Portfolio will consist of Loans to (i) companies limited by shares incorporated in the United Kingdom, (ii) limited liability partnerships incorporated in the United Kingdom, (iii) partnerships comprising solely UK-resident individual partners, (iv) partnerships comprising both UK-resident individual partners and partners being companies limited by shares incorporated in the United Kingdom, and (v) UK-resident individual sole traders (including Related Security to which the Issuer will be entitled in accordance with the Funding Circle Mandate Letter and the Security Declaration of Trust). The Purchased Loan Receivables comprising the Loan Portfolio have been entered into between (i) Great Trinity and the related Funding Circle Borrower; and (ii) Glencar Investments XXVI Designated Activity Company (“**Glencar XXVI**”) and the related Funding Circle Borrower, in each case, via the online lending platform operated by Funding Circle (the “**Funding Circle Platform**”) at the website [www.fundingcircle.com](http://www.fundingcircle.com), pursuant to (i) in the case of Great Trinity, the Great Trinity Origination Agreement and (ii) in the case of Glencar XXVI, the Glencar XXVI Origination Agreement. The Purchased Loan Receivables originated pursuant to the Glencar XXVI Origination Agreement will be sold by Glencar XXVI to Glencar XI pursuant to a forward sale agreement dated 16 September 2019 with an economic effective date of 8 September 2019 (the “**Glencar XI Forward Sale Agreement**”) on or prior to the Closing Date. The Loan Portfolio will be sold to the Issuer by the Sellers on the Closing Date pursuant to the Receivables Sale and Assignment Agreement. For further details, see the section “*The Loan Portfolio*”.

The Loan Portfolio represents a static pool of assets which will be purchased by the Issuer solely on the Closing Date, and there is no requirement for such Loan Portfolio to be managed.

The Purchased Loan Receivables benefit (where the relevant Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) from a Personal Guarantee granted to one or more of the Security Holders by an owner or director of such Funding Circle Borrower, but are otherwise generally unsecured. In limited circumstances, a Purchased Loan Receivable may also benefit from one or more of the following Security Interests: (i) Security Interests that have been, or may be, provided by the relevant Funding Circle Borrower and/or the relevant Guarantor to or for the benefit of Funding Circle and/or FCTL (as Security Holder) where it has experienced financial difficulty or which it has provided or may provide during any enforcement process in respect of such Purchased Loan Receivable, and (ii) Security Interests which have been or may be granted to or for the benefit of Funding Circle and/or FCTL (as Security Holder) by the relevant Funding Circle Borrower and/or the relevant Guarantor in connection with another Loan Receivable of such Funding Circle Borrower and/or the relevant Guarantor and which secure (among other things) such Purchased Loan Receivable, in each case which will be held on trust pursuant to the Security Declaration of Trust by the relevant Security Holder for itself and for the Funding Circle Investors entitled thereto (such Security Interests, together with any Personal Guarantee, form part of the Related Security).

The Security Holders hold the benefit of the Related Security in relation to each Purchased Loan Receivable for themselves and certain Funding Circle Investors in accordance with the Funding Circle Terms and Conditions for Investors (as may be amended from time to time). The Security Holders will declare a trust over all Related Security expressed to benefit any Purchased Loan Receivable or a Related Security Agreement relating to such Purchased Loan Receivable for the benefit of all persons entitled thereto in accordance with the Funding Circle Terms and Conditions for Investors.

Prospective investors should be aware that the Funding Circle Terms and Conditions for Investors may be amended from time to time and that the nature and extent of the Issuer's interest in any Related Security may be affected by such amendments.

The Issuer will use receipts of interest and principal in respect of the Purchased Loan Receivables (together with receipts allocated to it in relation to the enforcement of the Related Security to which the Issuer is entitled, if any), together with amounts available to it under the Interest Rate Cap, to make payments of, *inter alia*, interest and principal due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see further the section entitled "*Overview – Overview of Credit Structure and Cashflow*"). The obligations of the Issuer under the Notes will not be obligations or responsibilities of, or guaranteed by, any other person or entity.

Under the Servicing Agreement, the Servicing and Collection Agent will provide services to the Issuer on a day-to-day basis in relation to the Purchased Loan Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Purchased Loan Receivables, taking (or instructing FCTL to take) any necessary enforcement action against the Obligors in respect of Purchased Loan Receivables, providing certain safe custody services in respect of the Records and the Loan Receivable Documentation and ensuring Loan Receivable Proceeds are paid into the Collection Account (see further the section entitled "*Overview – Overview of the Loan Portfolio and Servicing*").

Pursuant to the Interest Rate Cap, the Issuer will hedge a part of the interest rate risk it is exposed to due to the interest the Issuer receives under the Loan Portfolio being calculated by reference to a fixed rate of interest and the interest payments the Issuer is obliged to make under the Notes being calculated by reference to SONIA (see further the section entitled "*Overview – Overview of Credit Structure and Cashflow*").

## Security

The Notes and certain other liabilities of the Issuer will be secured by, *inter alia*, the fixed and floating charges created in favour of the Trustee for and on behalf of the Secured Creditors subject to and under the terms of the Charge and Assignment.

The Issuer will be the beneficiary of trusts established under the Security Declaration of Trust and Collection Account Declaration of Trust respectively. Under the terms of the Security Declaration of Trust, FCTL will hold all of its right, title and interest in the Purchased Defaulted Receivables and the proceeds of enforcement of Purchased Defaulted Receivables upon trust for the Issuer absolutely as beneficiary. Under the terms of the Collection Account Declaration of Trust, Funding Circle Ltd as Collection Account Holder will hold amounts standing to the credit of the Collection Account and any rights of the Collection Account Holder to such amounts upon trust absolutely for the Issuer as beneficiary.

## Interest on the Notes

The Issuer shall determine (or shall cause the Cash Manager and Calculation Agent to determine) the Rate of Interest for each Class of Rated Notes and the Class E Notes and Class X Notes and calculate the amount of interest payable on each Class of Rated Notes, the Class X Notes and the Class E Notes for the relevant Interest Period by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Class of Rated Notes and the Class E and Class X Notes respectively.

Each Class Z Note shall receive on a *pro-rata* basis, by way of interest its relative share of the amounts (if any) remaining after the payment of higher ranking items in the Pre-Acceleration Interest Priority of Payments or the Post-Acceleration Priority of Payments (as applicable) (see further the section entitled “*Overview – Overview of Credit Structure and Cashflow*”).

## Redemption of the Notes

On the Final Maturity Date, the Notes are, unless previously redeemed and cancelled, required to be redeemed in full at their Principal Amount Outstanding together with accrued (and unpaid) interest up to but excluding the Final Maturity Date subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*).

On each Note Payment Date prior to delivery of an Enforcement Notice, the Issuer shall apply the Available Principal Proceeds to redeem the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Acceleration Principal Priority of Payments (see further the section entitled “*Overview – Overview of Credit Structure and Cashflow*”). If an Event of Default occurs and is continuing, the Trustee may at its discretion, and shall, if so directed by the Noteholders of the Most Senior Class of Notes acting by way of Extraordinary Resolution (subject, in each case, to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction), deliver an Enforcement Notice to the Issuer, with a copy to each Agent (other than the Corporate Services Provider), the Sellers and the Rating Agencies, and institute such proceedings and take any other steps as may be required in order to enforce the Security. Upon the delivery of an Enforcement Notice: (i) the Notes of each Class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued and unpaid interest; (ii) the Security shall become immediately enforceable; and (iii) on each Note Payment Date (or other such date as the Trustee instructs in writing) following the delivery of an Enforcement Notice (or on such other date as the Trustee instructs the Cash Manager and Calculation Agent in writing in accordance with the Transaction Documents), the Cash Manager and Calculation Agent shall cause all amounts standing to the credit of the Issuer Transaction Account and all proceeds (other than amounts representing (A) any Excess Swap Collateral which shall be returned directly to an Interest Rate Cap Provider (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (B) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Interest Rate Cap Provider), (C) any Swap Tax Credits, which shall be applied directly to an Interest Rate Cap Provider in accordance with the Cash Management and Calculation Agency Agreement, and (D) prior to the designation of an early termination date under an Interest Rate Cap and the resulting application of the Swap Collateral by way of netting or set-off, all Swap Collateral provided by an Interest Rate Cap Provider to the Issuer pursuant to an Interest Rate Cap (and any interest or distributions in respect thereof)) from the enforcement of the Security or otherwise recovered by the Trustee (which shall be held by the Trustee on trust) to be applied in payment, in the amounts required, in accordance with the Post-Acceleration Priority of Payments.

The Issuer (a) may redeem the Notes in whole (but not in part) upon the occurrence of a Regulatory Event or (b) may (or, for so long as any Class Z Notes remain outstanding, shall if so directed by the Class Z Noteholders acting by way of Ordinary Resolution) redeem the Notes in whole (but not in part) on the exercise of the Clean-Up Call Option, in each case, subject to and in accordance with the Conditions. The Issuer shall redeem (a) the Notes in whole (but not in part) upon the occurrence of a Tax Event or an Illegality Event, and (b) the Notes (other than the Class Z Notes) in whole (but not in part) upon the exercise of the Portfolio Option, in each case, subject to and in accordance with the Conditions. Any such redemption in whole pursuant to Conditions 8.2 (*Optional Redemption in whole – Clean-up Call*), Conditions 8.3 (*Mandatory Redemption in whole upon the exercise of the Portfolio Option*), 8.4 (*Mandatory Redemption in whole following a Tax Event*), 8.5 (*Mandatory Redemption in whole upon the occurrence of an Illegality Event*) or 8.6 (*Optional Redemption in whole upon the occurrence of a Regulatory Event*) will be subject to certain conditions set out therein, including a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Note Payment Date, not subject to the interest of any other person, required to redeem the Notes and meet its payment obligations of a higher priority under the applicable Priority of Payments.

### **Listing**

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its regulated market.

### **Rating**

It is a condition to the issue of the Notes that, on the Closing Date:

- (a) the Class A Notes be assigned a credit rating of (i) Aa3(sf) by Moody's and(ii) AA(sf) by S&P;
- (b) the Class B Notes be assigned a credit rating of (i) A3(sf) by Moody's and (ii) AA(sf) by S&P;
- (c) the Class C Notes be assigned a credit rating of (i) Baa3(sf) by Moody's and (ii) A+(sf) by S&P; and
- (d) the Class D Notes be assigned a credit rating of (i) Ba3(sf) by Moody's and (ii) BBB+(sf) by S&P.

The Class E Notes, the Class X Notes and the Class Z Notes will not be rated.

### **Certain Risks**

There are certain risks which prospective Noteholders should take into account. These risks are examined in detail in the Section entitled "*Risk Factors*" starting at page 1 of this document and relate to, *inter alia*, the Notes such as (but not limited to) the fact that the obligations of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Purchased Loan Receivables and the receipt by it of other funds (including but not limited to the receipt of payments under the Interest Rate Cap). Despite certain risk mitigating factors, there remain credit risks, liquidity risks, prepayment risks, maturity risks and interest rate risks relating to the Notes. Moreover, there are certain structural, legal, insolvency, tax and regulatory risks relating to the Purchased Loan Receivables and the Notes. Please see the section entitled "*Risk Factors*" for more information.

## OVERVIEW OF THE LOAN PORTFOLIO AND SERVICING

Purchase of the Loan Portfolio ..... The Loan Portfolio will consist of Loans to (i) companies limited by shares incorporated in the United Kingdom, (ii) limited liability partnerships incorporated in the United Kingdom, (iii) partnerships comprising solely UK-resident individual partners, (iv) partnerships comprising both UK-resident individual partners and partners being companies limited by shares incorporated in the United Kingdom, or (v) UK-resident individual sole traders (including Related Security to which the Issuer will be entitled in accordance with the Funding Circle Mandate Letter and the Security Declaration of Trust), which were advanced by either (i) Great Trinity (pursuant to the Great Trinity Origination Agreement); or (ii) Glencar XXVI (pursuant to the Glencar XXVI Origination Agreement), in each case through the Funding Circle Platform. The Loans originated by Glencar XXVI were acquired by Glencar XI from Glencar XXVI pursuant to the Glencar XI Forward Sale Agreement prior to the Closing Date (but with an economic effective date of 8 September 2019) and will be purchased by the Issuer from the relevant Seller on the Closing Date. Pursuant to the Receivables Sale and Assignment Agreement, each Purchased Loan Receivable is required to have satisfied (i) the Funding Circle Warranties as of the applicable Determination Date (or other date specified in the relevant Funding Circle Warranty); and (ii) the Seller Asset Warranty as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable.

The Loan Agreements were entered into on the terms of the Funding Circle Standard Documentation applicable at the time of origination of the relevant Loan Receivable in all material respects.

Pursuant to the Receivables Sale and Assignment Agreement, on the Closing Date, the Issuer will purchase the Loan Portfolio from the Sellers at the Purchase Price.

The Sellers shall, or shall procure that Funding Circle shall, notify each Funding Circle Borrower in respect of each Purchased Loan Receivable of the sale and assignment of such Purchased Loan Receivable pursuant to the Receivables Sale and Assignment Agreement and of the Issuer's ownership of such Purchased Loan Receivable (identifying the Issuer as the Funding Circle Investor in respect of such Purchased Loan Receivable), on the Closing Date, either by e-mail to the Funding Circle Borrower's registered e-mail address in accordance with the relevant Loan Agreements or such other method as the Issuer, Funding Circle and the Trustee may agree.

The Servicing and Collection Agent will service the Loan Portfolio on an ongoing basis. Link Financial Outsourcing Limited will serve as Back-Up Servicing and Collection Agent and is required pursuant to the Back-Up Servicing Agreement to be capable of assuming the role of Servicing and Collection Agent on 30 days' notice.

Each Purchased Loan Receivable is governed by English law.

Purchase Price ..... The Purchase Price payable by the Issuer in respect of the sale of the Loan Portfolio will be an amount equal to £257,322,804.64.

It is the intention of the parties that the purchase of the Loan Portfolio will take economic effect as of the Loan Portfolio Cut-Off Date. The Sellers will irrevocably undertake to hold on trust all of

the rights and interests in the Loan Receivable Proceeds received in respect of the Loan Portfolio from (but excluding) the Loan Portfolio Cut-Off Date for and to the order of the Issuer and transfer or, cause the transfer of, such Loan Receivable Proceeds net of an amount equal to the Intermediary Services Fee which has accrued between 1 October 2019 until 31 October 2019 to the Issuer after the Closing Date within 2 Business Days of identification.

Features of Loan Receivables ..... The following is an overview of certain features of the Loan Portfolio as at the Loan Portfolio Cut-Off Date and prospective Noteholders should refer to, and carefully consider, further details in respect of the Loan Receivables set out in “*The Loan Portfolio – The Loan Portfolio*”.

Number of Loans:	2973
Number of Funding Circle Borrowers:	2,970
Aggregate Initial Collateral Principal Balance:	£261,853,158.00
Aggregate Collateral Principal Balance:	£250,009,767.82
Average Initial Collateral Principal Balance:	£88,077.08
Average Collateral Principal Balance:	£84,093,43
Weighted average interest rate:	9.84%
Weighted average seasoning:	2.4 months
Weighted average original term:	52.8 months
Weighted average remaining term:	50.4 months
Top 1 Funding Circle Borrower Percentage:	0.21%
Top 3 Funding Circle Borrower Percentage:	0.63%
Top 5 Funding Circle Borrower Percentage:	1.04%
Top 10 Funding Circle Borrower Percentage:	2.05%

Funding Circle Warranties ..... Pursuant to the Receivables Sale and Assignment Agreement, on the Closing Date Funding Circle will make the following representations and warranties to the Issuer and the Trustee (the “**Funding Circle Warranties**”), as at the relevant Determination Date (or as at such other date as may be stated below):

- (a) the Purchased Loan Receivable was made on the terms of the Funding Circle Standard Documentation in all material respects;
- (b) the Funding Circle Borrower is, to the best of Funding Circle’s knowledge having made reasonable enquiries, not a Government Entity;
- (c) the Purchased Loan Receivable was originated in the ordinary course of Funding Circle’s business (in the sole opinion of Funding Circle);
- (d) the origination and credit assessment of the Purchased Loan Receivable was in all material respects in compliance with the Funding Circle Lending Policy and all Applicable Laws and regulations;
- (e) the Purchased Loan Receivable was guaranteed by at least one Guarantor (in the case of a Funding Circle Borrower being a company limited by shares or a limited liability partnership incorporated in the United Kingdom) and the Purchased Loan Receivable and related guarantee constituted the legal, valid and binding obligations of the Funding Circle Borrower or Guarantor (as applicable) enforceable against such Funding Circle Borrower or Guarantor (as applicable) except as such

enforcement may be limited by (i) the effect of applicable bankruptcy, insolvency, examinership or similar laws affecting the enforceability of creditors' rights and (ii) general equitable policies, and is governed by English law;

- (f) to the best of Funding Circle's knowledge, having made reasonable enquiries, the Funding Circle Borrower of the Purchased Loan Receivable had been trading for at least two years;
- (g) to the best of Funding Circle's knowledge, having made reasonable enquiries, the Funding Circle Borrower was not in bankruptcy nor had it been in bankruptcy or insolvency proceedings during the past two years;
- (h) an active direct debit mandate was in place to collect all payments due in respect of the Purchased Loan Receivable, **provided that** this paragraph (h) shall not be warranted as of its Determination Date but instead as of the date the initial Advance was made in respect of the relevant Purchased Loan Receivable;
- (i) immediately following the initial advance in respect of such Loan Receivable, (i) the original lender was the sole legal and beneficial owner of such Purchased Loan Receivable free and clear of all adverse claims, and (ii) Funding Circle has no right, interest or title in (nor, at any time since such initial advance was made, has it had any right, interest or title in) such Purchased Loan Receivable except, in both cases, as set forth in, or permitted under, the Transaction Documents or, prior to the Closing Date, the Glencar XXVI Origination Agreement or the Great Trinity Origination Agreement or any servicing and collection agreements entered into by the original lender and Funding Circle in respect of such Purchased Loan Receivable, and **provided that** this paragraph (i) shall not be warranted as of its Determination Date but instead as of the date the initial Advance was made in respect of the relevant Purchased Loan Receivable;
- (j) the Purchased Loan Receivable is a whole loan (that is, there is only one investor in respect of such Purchased Loan Receivable at any point in time in accordance with the Funding Circle Standard Documentation);
- (k) the Purchased Loan Receivable was not a Defaulted Loan or a Delinquent Loan;
- (l) the Purchased Loan Receivable had not been modified, restricted, deferred or re-aged;
- (m) the Funding Circle Borrower was, to the best of Funding Circle's knowledge having made reasonable queries, domiciled in the United Kingdom, and the Funding Circle Borrower was either (i) a company limited by shares or a limited liability partnership incorporated in the United Kingdom (as evidenced by a search at the Companies Registry, Cardiff); (ii) a UK-resident individual sole trader; (iii) a partnership solely comprising UK-resident individual partners; or (iv) a partnership comprising both (A) a number of partners each of whom is an individual; and (B) a number of partners each of which is a company limited by shares where: (1) each of the partners who is an individual is a UK resident; and (2) each of

the partners which is a company limited by shares is incorporated in the United Kingdom (as evidenced by a search conducted at the Companies Registry, Cardiff);

- (n) for a Funding Circle Borrower referred to in paragraph (m)(ii) to (m)(iv) above that is either a sole trader or a partnership consisting of two or three persons, the Loan Agreement relating to the Purchased Loan Receivable satisfied both (i) and (ii) below and as a result was neither a “regulated credit agreement” as such term is defined in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 nor a “P2P agreement”, as defined in the Glossary of the Financial Conduct Authority Handbook:
  - (i) it was for an amount exceeding £25,020; and
  - (ii) it was entered into by the Funding Circle Borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Funding Circle Borrower;
- (o) the Purchased Loan Receivable was denominated in Sterling and is not convertible into any other currency;
- (p) the Purchased Loan Receivable is a fixed rate, interest bearing loan and amortises fully over its contractual term (and is not a “bullet payment loan” or an “interest only loan” (that is, the original principal amount of such Purchased Loan Receivable at origination is not repaid in one payment at the end of the term of such Purchased Loan Receivable with only interest being paid by the relevant Funding Circle Borrower during the term of the Loan Agreement));
- (q) there is no commitment to make any advances to the Funding Circle Borrower under the Purchased Loan Receivable other than the initial Advance made;
- (r) to the best of Funding Circle’s knowledge having made reasonable enquiries, the Funding Circle Borrower was not an Affiliate of Funding Circle;
- (s) the Loan Agreement: (i) was entered into by the Funding Circle Borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Funding Circle Borrower; (ii) was not subject to any defence, counterclaim, right of set-off or right of rescission; (iii) to the best of Funding Circle’s knowledge having made reasonable enquiries, no criminal fraud (or other similar degree of fraud which could be reasonably likely to have a material adverse effect on the relevant Purchased Loan Receivable) has occurred in relation to the relevant Loan Agreement and (iv) is governed by English law;
- (t) Funding Circle has maintained records relating to each Purchased Loan Receivable and related Loan Agreement which is accurate and complete in all material respects and which, to the best of the knowledge of Funding Circle are sufficient to enable such Loan Agreement to be enforced against the relevant Funding Circle Borrower;



- (u) the Purchased Loan Receivable satisfied the Eligibility Criteria; and
- (v) the Purchased Loan Receivable was originated by personnel located outside the US.

Funding Circle Purchase

Obligations ..... Pursuant to the Receivables Sale and Assignment Agreement if any Funding Circle Warranty was breached in relation to a Purchased Loan Receivable as at the relevant Determination Date (or such other date as the relevant Funding Circle Warranty is given), Funding Circle shall purchase (or procure that another member of the Funding Circle Group purchases) the relevant Affected Loan for a purchase price equal to the relevant Remedy Amount or pay the Issuer an amount equal to the Remedy Amount, in each case, on a date falling not later than the Remedy Date.

Seller Asset Warranty ..... Pursuant to the Receivables Sale and Assignment Agreement, (a) Glencar XI, solely with respect to the Glencar XI Purchased Loan Receivables; and (b) Great Trinity, solely with respect to the Great Trinity Purchased Loan Receivables, shall represent and warrant that each such Purchased Loan Receivable:

- (a) as of the Loan Portfolio Cut-Off Date, is not a Loan Receivable in respect of which any payment of interest or principal or any other amount due and payable thereunder, or part thereof, remains unpaid for more than 5 calendar days past its original due date (including any Loan Receivable that is the subject of a Short Term Payment Plan) other than a Defaulted Loan;
  - (b) as of the Loan Portfolio Cut-Off Date, is not a Defaulted Loan; and
  - (c) as of the Closing Date, the related Funding Circle Borrower has made at least one scheduled monthly payment under the Loan,
- (such warranty, the “**Seller Asset Warranty**”).

Deemed Collections ..... Pursuant to the Receivables Sale and Assignment Agreement:

- (a) if:
  - (i) any Glencar XI Purchased Loan Receivable did not satisfy the Eligibility Criteria as at its applicable Determination Date (or at the time otherwise indicated) and Funding Circle has not discharged the applicable Affected Loan Remedy in respect of such Glencar XI Purchased Loan Receivable by the applicable Remedy Date, or
  - (ii) the Seller Asset Warranty was not satisfied in relation to a Glencar XI Purchased Loan Receivable as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable,

then, Glencar XI shall deposit an amount equal to the relevant Remedy Amount in respect of the relevant Affected Loan in the Issuer Transaction Account.
- (b) if:
  - (i) any Great Trinity Purchased Loan Receivable did not satisfy the Eligibility Criteria as at its applicable Determination Date (or at the time otherwise indicated) and

Funding Circle has not discharged the applicable Affected Loan Remedy in respect of such Great Trinity Purchased Loan Receivable by the applicable Remedy Date, or

- (ii) the Seller Asset Warranty was not satisfied in relation to a Great Trinity Purchased Loan Receivable as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable,

then, Great Trinity shall deposit an amount equal to the relevant Remedy Amount in respect of the relevant Affected Loan in the Issuer Transaction Account,

(any such deposit made by Glencar XI or Great Trinity, a “**Deemed Collection**”) in each case, on a date falling not later than the Remedy Date.

Deemed Collection Transfer..... Pursuant to the Receivables Sale and Assignment Agreement, in respect of any Purchased Loan Receivable in respect of which a Seller has made a Deemed Collection in full, such Seller may, but shall not be obliged to, request the Issuer, and following any such request the Issuer (or the Servicing and Collection Agent on its behalf) shall, transfer the Purchased Loan Receivable in respect of which such Deemed Collection was made to such Seller or otherwise as such Seller may direct for an amount equal to the Deemed Collection Transfer Price, **provided that**, any transferee of such Purchased Loan Receivable (i) be a registered investor on the Funding Circle Platform, and (ii) shall have entered into a Transfer Certificate with the Issuer as transferor and such transferee as transferee.

Eligibility Criteria..... Each Purchased Loan Receivable is required to have satisfied the following, as at its relevant Determination Date, or at the time otherwise indicated:

- (a) it is in a minimum amount of £5,000 (if the Funding Circle Borrower is a limited company) and is in a maximum amount of £1,000,000;
- (b) it has a term of not less than six (6) months and not more than sixty (60) months;
- (c) it is not:
  - (i) a Property Finance Loan;
  - (ii) a Property Development Loan;
  - (iii) a Chattel Mortgage Loan;
  - (iv) an Asset Finance Loan;
  - (v) an All Assets Security Loan; or
  - (vi) a Prohibited Industry loan;
- (d) it is an unsecured loan;
- (e) the Loan had a Risk Band of A+, A, B, C, D or E;
- (f) the Loan had a minimum remaining tenor of three (3) months at the Loan Portfolio Cut-Off Date; and

- (g) the sum of the obligations owed by the Funding Circle Borrower in respect of the Purchased Loan Receivable did not exceed £1,000,000 when aggregated with the outstanding principal amount of other unsecured loans made to the same Funding Circle Borrower.

Remedy Amount..... In respect of any Affected Loan, the Remedy Amount to be paid by Funding Circle or the relevant Seller to the Issuer shall be an amount equal to (i) the Collateral Principal Balance of such Affected Loan as at the Loan Portfolio Cut-Off Date, *less* (ii) any principal amounts received by the Issuer in respect of such Affected Loan since the Loan Portfolio Cut-Off Date, plus (iii) any accrued and unpaid interest on such Affected Loan as at the date on which the Remedy Amount is paid.

Remedy Date ..... In respect of an Affected Loan Event, an amount equal to the relevant Remedy Amount shall be payable on a date falling no later than 30 calendar days following the date on which Funding Circle or the relevant Seller becomes aware of such Affected Loan Event.

Purchased Defaulted  
Receivables.....

Pursuant to the Funding Circle Terms and Conditions for Investors, Loan Receivables that are placed into default will be transferred to FCTL, as Security Holder, in order to enable the Servicing and Collection Agent, if necessary, to commence legal proceedings against the relevant Funding Circle Borrower and/or the relevant Guarantor for the Collateral Principal Balance outstanding and any due but unpaid interest. Any such transfer will be for no consideration, but any Purchased Loan Receivables that are so transferred, together with any proceeds of the enforcement thereof, will be held on trust absolutely for the Issuer pursuant to the terms of the Security Declaration of Trust. Pursuant to the Security Declaration of Trust, FCTL, as Security Holder, will use its reasonable endeavours to procure that the proceeds of such trust (“**Trust Proceeds**”) are paid directly to the Issuer Transaction Account, where they will be treated as Collections. If FCTL instead receives such proceeds in any account in its own name, it shall hold such proceeds on trust for the Issuer absolutely. Under the terms of the Security Declaration of Trust, FCTL shall transfer any Trust Proceeds to the Issuer Transaction Account before the close of business on the following Business Day, **provided that**, if and to the extent that the Security Holders reasonably believe that any such Trust Proceeds represent Trust Proceeds both in respect of Purchased Loan Receivables and in respect of a Loan made to the same Funding Circle Borrower and held by a Funding Circle Investor other than the Issuer, the Servicing and Collection Agent may retain such Trust Proceeds until such time as it has determined how much must be transferred to the Issuer Transaction Account (but no later than the close of business on the fifth Business Day after it receives such amounts (subject to limited exceptions, in accordance with the CASS Rules)). Pursuant to the Funding Circle Mandate Letter and the Servicing Agreement, the Servicing and Collection Agent, FCTL and any agent appointed by either of them in connection with the enforcement of any Purchased Defaulted Receivable and its Related Security is entitled to deduct any costs incurred by it in connection with the enforcement of such Purchased Defaulted Receivable from the proceeds of each Collection payment thereof, **provided that** (i) the aggregate of all amounts so deducted in relation to any Purchased Defaulted Receivable shall be no more than 40 *per cent.* of each Collection payment in respect thereof; and (ii) the aggregate of all amounts deducted in respect of Collections Charges shall be no more than 20 *per cent.* of each Collection payment received in respect of such Purchased Defaulted Receivable, in each case since the date the relevant Purchased Loan Receivable was initially declared defaulted by the Servicing and Collection Agent in accordance with the related Loan Receivable Documentation.

Optional Purchase.....	<p>On any Business Day following the Closing Date, Glencar XI or Great Trinity may (but shall not be obliged to) by not less than 30 days' prior notice to the Issuer (an "<b>Optional Purchase Notice</b>"), with a copy to the Trustee, the Retention Holders, the Servicing and Collection Agent and the Cash Manager and Calculation Agent, request that it (or an entity designated by it) purchase the Issuer's interest in the trust declared over all Purchased Loan Receivables which are, in the case of a notice provided by Glencar XI, Glencar XI Purchased Loan Receivables that have become Defaulted Loans, and in the case of a notice provided by Great Trinity, Great Trinity Purchased Loan Receivables that have become Defaulted Loans (the "<b>Purchase Option Loans</b>") pursuant to the Security Declaration of Trust. The Issuer may consent to such purchase provided that the following conditions are satisfied: (i) the purchase price is not less than 36.5 per cent. of the Aggregate Collateral Principal Balance of the Purchase Options Loans which are subject of such trust immediately prior to each of them becoming Defaulted Loans; (ii) an Optional Purchase Notice has not been delivered on more than one occasion prior to the Final Payout Date; (iii) such purchase shall not directly negatively affect the then current ratings ascribed to any of the Rated Notes; and (iv) the relevant Seller has delivered a solvency certificate to the Issuer dated as of the date on which such purchase is expected to occur.</p>
Servicing of the Loan Receivables.....	<p>The Servicing and Collection Agent will be appointed by the Issuer (and, in certain circumstances, the Trustee) to service the Loan Portfolio on a day-to-day basis.</p> <p>Payments by Funding Circle Borrowers in respect of amounts due under the Purchased Loan Receivables are required to be made into a segregated account held in the name of the Servicing and Collection Agent with the Collection Account Bank for the sole purpose of holding funds to which the Issuer is beneficially entitled (the "<b>Collection Account</b>"). The Servicing and Collection Agent has declared a trust over the Collection Account in favour of the Issuer under the Collection Account Declaration of Trust (the beneficial interest of which has been assigned to the Trustee). Subject to the Servicing and Collection Agent's right to retain collections in the Collection Account for the purpose of reconciliation in certain circumstances, the Servicing and Collection Agent has directed the Collection Account Bank to transfer all amounts standing to the credit of the Collection Account no later than close of business (London time) on each Business Day (and in any case within two (2) Business Days) to an account in the name of the Issuer held with the Issuer Account Bank (the "<b>Issuer Transaction Account</b>").</p>
Servicing Termination Events .....	<p>If any one of certain events shall occur and be continuing (the "<b>Servicing Termination Events</b>"): </p> <ul style="list-style-type: none"> <li>(a) the Servicing and Collection Agent shall fail to make any payment or deposit required to be made by it under the Servicing Agreement when due and such failure remains unremedied for five Business Days;</li> <li>(b) the Servicing and Collection Agent shall fail to deliver any Servicing Report within five Business Days of the date when due;</li> </ul>

- (c) any licence, registration or authorisation of the Servicing and Collection Agent required with respect to the Servicing Agreement and the Services to be performed by the Servicing and Collection Agent under the Servicing Agreement is revoked, restricted or made subject to any limitations;
- (d) other than as set forth in sub-clauses (a), (b) and (c), the Servicing and Collection Agent shall fail to observe or perform any term, covenant, undertaking or agreement under the Servicing Agreement in any material respect and such failure shall remain unremedied for 15 Business Days, in each case, after the Servicing and Collection Agent obtained knowledge or received notice thereof;
- (e) any representation, warranty, certification or statement made by the Servicing and Collection Agent in the Servicing Agreement (or in any report or other document delivered pursuant thereto) shall prove to have been incorrect in any material respect when made or deemed made and remains unremedied for 15 Business Days after the Servicing and Collection Agent obtained knowledge or received notice thereof;
- (f) except as otherwise expressly permitted by the Transaction Documents, the Servicing and Collection Agent shall repudiate the Servicing Agreement or any material provision therein or assert in writing that the Servicing Agreement or any material provision therein is not in full force and effect;
- (g) proceedings are initiated against the Servicing and Collection Agent under any Insolvency Law (other than proceedings which have been made on frivolous or vexatious grounds or wholly unjustifiable grounds), or a Receiver is appointed in relation to the Servicing and Collection Agent or in relation to the whole or any substantial part of the undertaking or assets of the Servicing and Collection Agent; or the Servicing and Collection Agent is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved by the Issuer in writing), **provided, however**, with respect to any involuntary proceeding, any such petition is not dismissed within 14 days after presentment thereof;
- (h) a court judgment is entered against the Servicing and Collection Agent in an amount greater than £15,000,000 and such judgment remains unremedied for 15 calendar days;
- (i) following the occurrence of an Enforcement Event, Funding Circle does not give its consent for a proposed purchaser of Purchased Loan Receivables to become a member of the Funding Circle Platform; or
- (j) it is or becomes unlawful for the Servicing and Collection Agent to perform any of its material obligations under the Transaction Documents, and the Servicing and Collection Agent cannot reasonably amend or alter the manner in which it performs (or procures the performance of) its obligations such that they are lawful within 15 calendar days (to the satisfaction of the

Trustee) (as instructed by an Extraordinary Resolution of the Noteholders),

then the Issuer (prior to the delivery of an Enforcement Notice) with the written consent of the Trustee, or the Trustee itself (following the delivery of an Enforcement Notice) may, and shall, promptly if so requested by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes, give notice (a “**Termination Notice**”) to the Servicing and Collection Agent that the appointment of the Servicing and Collection Agent shall automatically terminate in accordance with the Servicing Agreement, **provided that** no such notice shall be required upon the occurrence of any Servicing Insolvency Event and the appointment of the Servicing and Collection Agent shall automatically terminate upon the appointment of a successor Servicing and Collection Agent in accordance with the Servicing Agreement. The Trustee shall, promptly upon becoming aware of the same, notify the Back-Up Servicing and Collection Agent (with a copy to the Issuer and the Cash Manager and Calculation Agent) of the occurrence of any Servicing Insolvency Event.

Funding Circle in its capacity as Servicing and Collection Agent may not resign from the obligations and liabilities imposed on it pursuant to the terms of the Servicing Agreement and under the other Servicing Transaction Documents unless it becomes unlawful for Funding Circle to act as Servicing and Collection Agent or otherwise comply with its duties or obligations under the Servicing Agreement, **provided that:**

- (a) Funding Circle may, with the prior written consent of the Issuer, resign as Servicing and Collection Agent if:
  - (i) an Affiliate of Funding Circle has agreed to act as successor Servicing and Collection Agent substantially on the terms and conditions of the Servicing Agreement; and
  - (ii) such successor Servicing and Collection Agent has agreed to execute documentation in substantially the same form and substance as the Servicing Agreement to effect its appointment as, and the assumption of the rights and duties of, the Servicing and Collection Agent under the Servicing Agreement and under the Transaction Documents; and
- (b) no such resignation will be effective until such successor Servicing and Collection Agent has been appointed pursuant to such documentation and the Issuer has executed the power of attorney in favour of such Successor Servicing and Collection Agent.

The appointment of any Successor Servicing and Collection Agent other than Funding Circle or any of its Affiliates under the Servicing Agreement may be terminated upon the expiry of not less than 12 months’ written notice of termination given by such Successor Servicing and Collection Agent to the Issuer and the Trustee (with a copy to the Cash Manager and Calculation Agent and the Rating Agencies), **provided that** no such resignation will be effective until a successor Servicing and Collection Agent has been appointed on substantially the terms and conditions of the Servicing Agreement.

In the absence of a Servicing Termination Event, Noteholders have no right to instruct the Trustee to terminate the appointment of the Servicing and Collection Agent.

Transition to Successor

Servicing and Collection Agent .....

Upon the service of a Termination Notice in respect of the Servicing and Collection Agent, or upon the occurrence of any Servicing Insolvency Event, the Issuer shall promptly arrange for the appointment of a successor Servicing and Collection Agent, which shall be the Back-Up Servicing and Collection Agent pursuant to the terms of the Back-Up Servicing Agreement unless such appointment has been terminated or has lapsed in accordance with the same.

Promptly following receipt of the Termination Notice, or upon the occurrence of any Servicing Insolvency Event, the Servicing and Collection Agent will be obliged to, among other things:

- (a) continue to perform all servicing functions under the Servicing Agreement until such time that the Successor Servicing and Collection Agent has assumed the duties of the Servicing and Collection Agent pursuant to the Back-Up Servicing Agreement;
- (b) reasonably cooperate with and assist the Successor Servicing and Collection Agent in the performance of its responsibilities as Successor Servicing and Collection Agent including, subject to Applicable Law, transferring to the Issuer or the Successor Servicing and Collection Agent (or to its order), all Records that relate to the Purchased Loan Receivables; **provided that**, to the extent the Servicing and Collection Agent is prohibited by Applicable Law from transferring such Records, or if such Records relate to Related Security to which the Issuer is not solely entitled in accordance with the Security Declaration of Trust, the Servicing and Collection Agent shall (to the extent permitted by Applicable Law and subject to the restrictions contained in any licence with respect thereto), upon the reasonable request of the Issuer or the Successor Servicing and Collection Agent, provide a copy of such Records to the Successor Servicing and Collection Agent (or to its order), as applicable; and
- (c) to the extent not prohibited under any licensing or other agreements with third parties, use all commercially reasonable efforts to provide the Successor Servicing and Collection Agent with access to and use of all records (other than Seller Records), licences, servicing systems, equipment, personnel and other facilities necessary to collect the Purchased Loan Receivables.

Sub-Contracting or Delegation .....

The Servicing and Collection Agent may from time to time and without notice to other parties to the Servicing Agreement subcontract or delegate its duties as Servicing and Collection Agent, **provided that, *inter alia***:



- (a) the Servicing and Collection Agent may only subcontract or delegate its duties relating to custody of the Custody Files (i) at any time when Funding Circle is the Servicing and Collection Agent, to an Affiliate of Funding Circle, (ii) if such contracting or delegation is pursuant to a Permitted Debt Recovery Outsourcing or (iii) if it has obtained the prior written consent of the Issuer and the Trustee; and
- (b) notwithstanding any such subcontracting or delegation, the Servicing and Collection Agent shall continue to remain solely liable for the performance of duties and obligations under the Servicing Agreement (whether or not a Sub-Contracting Agent has agreed to perform such duty or obligation) and neither the Issuer nor the Trustee shall have any Liabilities payable to or incurred by such Sub-Contracting Agent or arising from the entering into, the continuance or the termination of any such arrangement, except for Deductions made in accordance with the Servicing Agreement.

Related Security..... Purchased Loan Receivables benefit (where the relevant Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) from a Personal Guarantee granted to one or more of the Security Holders by an owner or director of such Funding Circle Borrower, but are otherwise generally unsecured. In limited circumstances, a Purchased Loan Receivable may also benefit from one or more of the following Security Interests: (i) Security Interests that have been, or may be, provided by the relevant Funding Circle Borrower and/or the relevant Guarantor to or for the benefit of Funding Circle and/or FCTL (as Security Holder) where it has experienced financial difficulty or which it has provided or may provide during any enforcement process in respect of such Purchased Loan Receivable, and (ii) Security Interests which have been or may be granted to or for the benefit of Funding Circle and/or FCTL (as Security Holder) by the relevant Funding Circle Borrower and/or the relevant Guarantor in connection with another Loan Receivable of such Funding Circle Borrower and/or the relevant Guarantor and which secure (among other things) such Purchased Loan Receivable, in each case which will be held on trust pursuant to the Security Declaration of Trust by the relevant Security Holder for itself and for the Funding Circle Investors entitled thereto (such Security Interests, together with any Personal Guarantee form part of the Related Security).

Pursuant to the Security Declaration of Trust, the Security Holders will (i) hold on trust the Related Security on behalf of all persons entitled thereto in accordance with the Funding Circle Terms and Conditions for Investors (each as a beneficiary) and (ii) declare a trust in respect of Purchased Defaulted Receivables and the proceeds of enforcement thereof for the benefit of the Issuer absolutely (less the costs of enforcement). Prospective investors should be aware that the Funding Circle Terms and Conditions for Investors may be amended from time to time and that the nature and extent of the Issuer's interest in any Related Security may be affected by such amendments.

The Security Holders have entered into one or more security declarations of trust other than the Security Declaration of Trust containing substantially similar provisions.

**OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES**

**FULL CAPITAL STRUCTURE OF THE NOTES**

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>	<b>Class X</b>	<b>Class Z</b>
Currency	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Initial Principal Amount	165,006,000	7,500,000	22,501,000	26,251,000	16,251,000	12,500,000	12,500,000
Note Credit Enhancement	Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes, the Cash Reserve Account and excess Available Interest Proceeds	Subordination of the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes, the Cash Reserve Account and excess Available Interest Proceeds	Subordination of the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes, the Cash Reserve Account and excess Available Interest Proceeds	Subordination of the Class E Notes, the Class X Notes and the Class Z Notes, the Cash Reserve Account and excess Available Interest Proceeds	Subordination of the Class X Notes and the Class Z Notes, the Cash Reserve Account and excess Available Interest Proceeds	Subordination of the Class Z Notes and excess Available Interest Proceeds	Excess Available Interest Proceeds
Reserve Credit Enhancement	1.75%	1.75%	1.75%	1.75%	N/A	N/A	N/A
Issue Price	100%	100%	100%	100%	100%	100%	100%
Interest Reference Rate	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Not applicable
Relevant Margin	1.39%	2.00%	3.00%	4.45%	5.85%	4.80%	Variable interest amount
Interest Accrual Method	Actual/365 (or 366 days in the case of any leap year, beginning in 2020)	Actual/365 (or 366 days in the case of any leap year, beginning in 2020)	Actual/365 (or 366 days in the case of any leap year, beginning in 2020)	Actual/365 (or 366 days in the case of any leap year, beginning in 2020)	Actual/365 (or 366 days in the case of any leap year, beginning in 2020)	Actual/365 (or 366 days in the case of any leap year, beginning in 2020)	Not applicable
Interest Determination Date	The fifth Banking Day before the Note Payment Date for which the Rate of Interest to be determined on such date will apply						
Note Payment Dates	Interest will be payable monthly in arrear on each Note Payment Date						
Business Day Convention	Following	Following	Following	Following	Following	Following	Following
First Note Payment Date	16 December 2019	16 December 2019	16 December 2019	16 December 2019	16 December 2019	16 December 2019	16 December 2019
First Interest Period	The period commencing on the Closing Date and ending on (but excluding) the First Note Payment Date.						
Pre-Acceleration Redemption Profile	Prior to the Sequential Amortisation Trigger Event, pro-rata redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption. Subject to and in accordance with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency	Prior to the Sequential Amortisation Trigger Event, pro-rata redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption. Subject to and in accordance with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency	Prior to the Sequential Amortisation Trigger Event, pro-rata redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption. Subject to and in accordance with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency	Prior to the Sequential Amortisation Trigger Event, pro-rata redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption. Subject to and in accordance with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency	Prior to the Sequential Amortisation Trigger Event, pro-rata redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption. Subject to and in accordance with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency	Prior to and following the Sequential Amortisation Trigger Event, redemption out of interest in accordance with the Pre-Acceleration Interest Priority of Payments. On and following the Sequential Amortisation Trigger Event, sequential pass through redemption out of principal. Subject to and in accordance	Prior to the Sequential Amortisation Trigger Event, pro-rata redemption, and on and following the Sequential Amortisation Trigger Event, sequential pass through redemption. Subject to and in accordance with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.

Overview - Overview of the Terms and Conditions of the Notes

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>	<b>Class X</b>	<b>Class Z</b>
	Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.	Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.	Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.	Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.	Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.	Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.	with the Pre-Acceleration Interest Priority of Payments, if there is a shortfall in any Principal Deficiency Ledger, Available Interest Proceeds may be applied as Available Principal Proceeds in order to cure such shortfall. Available Interest Proceeds may also be used to redeem the Class X Notes.
Post-Acceleration Redemption Profile	Sequential pass-through redemption by seniority of Notes on each Note Payment Date to the extent of applicable proceeds from the enforcement of the Security or otherwise recovered by the Trustee subject to and in accordance with the Post-Acceleration Priority of Payments.						
Clean-Up Call	20%	20%	20%	20%	20%	20%	20%
Final Maturity Date	October 2028	October 2028	October 2028	October 2028	October 2028	October 2028	October 2028
Form of the Notes	Global, registered	Global, registered	Global, registered	Global, registered	Global, registered	Global, registered	Global, registered
Application for Listing	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin
ISIN	XS2057896420	XS2057898392	XS2057898475	XS2057898806	XS2057898988	XS2057899366	XS2057899283
Common Code	205789642	205789839	205789847	205789880	205789898	205789936	205789928
Clearance/Settlement	Euroclear/Clearstream	Euroclear/Clearstream	Euroclear/Clearstream	Euroclear/Clearstream	Euroclear/Clearstream	Euroclear/Clearstream	Euroclear/Clearstream
Minimum Denomination	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
Notes Retained by Retention Holders on the Closing Date	At least 5%	At least 5%	At least 5%	At least 5%	At least 5%	At least 5%	At least 5%

- Ranking..... The Notes will constitute direct, secured, limited recourse obligations of the Issuer.
- Subject to and in accordance with the Conditions and the Trust Deed, the Notes within each Class will rank *pari passu* and rateably without any preference or priority among themselves as to payments of interest and principal at all times, **provided that**:
- (a) prior to the occurrence of an Enforcement Event, the Issuer's obligation to make payments of interest and principal on each Class of Notes will rank as set out in the Pre-Acceleration Interest Priority of Payments and the Pre-Acceleration Principal Priority of Payments respectively; and
  - (b) following the occurrence of an Enforcement Event, each Class of Notes will rank as set out in the Post-Acceleration Priority of Payments.
- Form of Notes..... The Notes will be represented on issue by beneficial interests in one or more Global Notes in fully registered form. The Notes will be deposited on or about the Closing Date with, and registered in the name of, a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.
- Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream and their respective participants.
- Security..... The Notes are secured and will share the Security with the other Secured Obligations of the Issuer as set out in the Charge and Assignment and as described in the Conditions. The Security granted by the Issuer includes:
- (a) an assignment by way of first fixed security by the Issuer of all of its rights, title, interest and benefit existing now, or in the future, in, to, under or in respect of (i) each Transaction Document (including the benefit of the trusts created by the Collection Account Declaration of Trust and the Security Declaration of Trust but excluding the Issuer's rights under the Corporate Services Agreement), (ii) all Purchased Loan Receivables and Custody Files relating thereto, and (iii) any Other Secured Contractual Rights, in each case other than the Corporate Benefit Account and any amounts standing to the credit thereto;
  - (b) a first fixed charge by the Issuer of all of its rights, title, interest and benefit existing now, or in the future, in, to, under or in respect of (i) each Transaction Document (including the benefit of the trusts created by the Collection Account Declaration of Trust and the Security Declaration of Trust but excluding the Issuer's rights under the Corporate Services Agreement), (ii) each Purchased Loan Receivable and Custody Files relating thereto, and (iii) any Other Secured Contractual Rights (in each case, other than any property or assets from time to time or for the time being effectively secured as set out in the preceding paragraph and other than the Corporate Benefit Account and any amounts standing to the credit thereto);
  - (c) a first fixed charge over the Issuer's rights, title, interest and benefit, existing now or in the future, in, to, under or in respect of:

- (i) each Issuer Account (other than any Swap Collateral Account) and all sums of moneys which may now be or hereafter are from time to time standing to the credit of each Issuer Account (other than any Swap Collateral Account) and any other bank account and any amounts standing to the credit thereto (other than the Corporate Benefit Account and any amounts standing to the credit thereto) or book debt in which the Issuer may at any time acquire any right, title, interest or benefit and each debt represented by these, including all interest accrued and other moneys received in respect thereof; and
- (ii) each Swap Collateral Cash Account and all moneys from time to time standing to the credit of each Swap Collateral Cash Account and the debts represented thereby or, where applicable, all of its contractual rights thereto, **provided that**, in each case, that such security interest: (i) shall not extend to Excess Swap Collateral, and (ii) is subject to the rights of any Interest Rate Cap Provider to Swap Collateral pursuant to the terms of the relevant Interest Rate Cap (for the avoidance of doubt, after any close out netting has taken place),

(in each case, other than any property or assets from time to time or for the time being effectively secured as set out in the preceding paragraphs), and

- (d) a first floating charge over the whole of the Issuer's undertaking and all of its property and assets whatsoever and wheresoever situated, present and future, to the extent that such undertaking and property and assets are not subject to any other security created pursuant to the Charge and Assignment provided that, in each case, such security interest: (i) shall not extend to the Issuer's rights under the Corporate Services Agreement and the Corporate Benefit Account and any amounts standing to the credit thereto; (ii) shall not extend to Excess Swap Collateral; and (iii) is subject to the rights of any Interest Rate Cap Provider to the return of any Swap Collateral pursuant to the terms of the relevant Interest Rate Cap and the Conditions (for the avoidance of doubt, after any close out netting has taken place).

Some of the other Secured Obligations rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Acceleration Priority of Payments.

Interest Provisions ..... Each of the Notes shall bear interest on its Principal Amount Outstanding.

Interest on the Notes is payable in arrear and by reference to an Interest Period, and shall be payable on each Note Payment Date.

Each Interest Period will commence on (and include) a Note Payment Date and end on (but exclude) the next following Note Payment Date, except for the First Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the First Note Payment Date.

Interest on the Notes (other than the Class Z Notes) will be calculated on the basis of the actual number of days elapsed in an Interest Period and a year of 365 days (or 366 days in the case of any leap year).

Interest on the Class Z Notes will be paid on each Note Payment Date in an aggregate amount equal to the residual amount of Available Interest Proceeds following payment of all other amounts due in accordance with the Pre-Acceleration Interest Priority of Payments on such Payment Date or the Post-Acceleration Priority of Payments (as applicable) (see Condition 6 (*Interest*) for further details).

- Interest Deferral..... Interest due and payable on the Most Senior Class of Notes will not be deferred. Interest due and payable on a Class of Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 6(c) (*Deferral of Interest*).
- Gross-up ..... All payments of principal and interest by the Issuer in respect of the Notes will be made subject to any withholding or deduction for, or on account of, any applicable taxation without any additional payment in respect of such taxation. None of the Issuer or any Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of any taxes.
- Redemption..... The Notes are subject to the following optional or mandatory redemption events:
- (a) mandatory redemption on any Note Payment Date commencing on the First Note Payment Date, from Available Principal Proceeds in accordance with the Pre-Acceleration Principal Priority of Payments (see Condition 8.1 (*Mandatory Repayment*));
  - (b) optional redemption in whole, but not in part, on any Note Payment Date upon the exercise of the Clean-Up Call Option, subject to certain conditions (see Condition 8.2 (*Optional Redemption in whole – Clean-up Call*));
  - (c) mandatory redemption in whole, but not in part, on any Note Payment Date of all Notes (other than the Class Z Notes) pursuant to the exercise of the Portfolio Option (see Condition 8.3 (*Mandatory Redemption pursuant to the exercise of the Portfolio Option*));
  - (d) mandatory redemption in whole, but not in part, on any Note Payment Date upon the occurrence of a Tax Event, subject to certain conditions (see Condition 8.4 (*Mandatory Redemption in whole following a Tax Event*));
  - (e) mandatory redemption in whole, but not in part, on any Note Payment Date if an Illegality Event has occurred, subject to certain conditions (see Condition 8.5 (*Mandatory Redemption upon the occurrence of an Illegality Event*));
  - (f) optional redemption in whole, but not in part, on any Note Payment Date if a Regulatory Event has occurred, subject to certain conditions (and mandatory if requested by prescribed Noteholders) (see Condition 8.6 (*Optional Redemption in whole upon the occurrence of a Regulatory Event*)); and
  - (g) mandatory redemption in whole, but not in part, on the Final Maturity Date (see Condition 8.7 (*Final Maturity Date*)).

Any Note redeemed pursuant to paragraphs (a) to (f) of the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

Clean-Up Call Option..... The Issuer may (or, for so long as any Class Z Notes remain outstanding, shall if so directed by the Class Z Noteholders acting by way of Ordinary Resolution) redeem the Notes of each Class in whole (but not in part) at their Principal Amount Outstanding together with accrued (and unpaid) interest thereon up to but excluding the date of redemption on any Note Payment Date falling on or after the Optional Redemption Trigger Date (the “**Clean-Up Call Option**”), subject to the following:

- (a) no Event of Default has occurred;
- (b) that the Issuer has given not more than 60 nor less than 14 days’ prior written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class;
- (c) that prior to giving any such notice, the Issuer has provided to the Trustee, a certificate signed by two directors of the Issuer to the effect that the right to exercise the Clean-Up Call Option has arisen (upon which certificate the Trustee shall rely absolutely and without enquiry or liability); and
- (d) that prior to giving any such notice, the Issuer has provided to the Trustee, a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Note Payment Date, not subject to the interest of any other person, required to redeem all the Notes pursuant to this Condition (together with accrued and unpaid interest thereon) and to meet its payment obligations of a higher priority under the Post-Acceleration Priority of Payments (upon which certificate the Trustee shall rely absolutely and without enquiry or liability).

Portfolio Option..... The Issuer will, pursuant to the Deed Poll, grant to the Portfolio Option Holder an option (the “**Portfolio Option**”) to require the Issuer to mandatorily redeem the Notes (other than the Class Z Notes) using the proceeds of (a) a Cash Collateralisation; or (b) a Portfolio Sale in the circumstances described below and subject to the satisfaction of the Portfolio Sale Conditions.

The Portfolio Option may be exercised on any Note Payment Date falling on or after the Optional Redemption Trigger Date but prior to the delivery of an Enforcement Notice (the “**Portfolio Option Exercise Date**”) by the Portfolio Option Holder giving not more than 90 nor less than 60 days’ prior written notice to the Issuer with a copy to the Trustee, the Sellers and each Rating Agency (with the Issuer promptly providing a copy of the notice to each other Class Z Noteholder).

Following receipt of the notice from the Portfolio Option Holder, the Issuer will give not more than 60 nor less than 14 days' prior written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class (other than the Class Z Notes).

Not less than 45 days' prior to the Portfolio Option Exercise Date, each Class Z Noteholder will be required to notify the Issuer whether it agrees to contribute its relevant Cash Collateralisation Contribution Amount on the Portfolio Option Exercise Date.

If by the date falling 45 days' prior to the Portfolio Option Exercise Date, Class Z Noteholders holding 100% of the Principal Amount Outstanding of the Class Z Notes have confirmed to the Issuer that they will contribute their Cash Contribution Collateralisation Amount on the Portfolio Option Exercise Date, then the exercise of the Portfolio Option will be by way of Cash Collateralisation and each Class Z Noteholder will pay its Cash Collateral Contribution Amount to the Issuer (for credit to the Issuer Transaction Account) no less than two (2) Business Days prior to the Portfolio Option Exercise Date and such Cash Collateral Contribution Amount will be applied in accordance with the Post-Acceleration Priority of Payments.

If by the date falling 45 days' prior to the Portfolio Option Exercise Date, Class Z Noteholders holding 100% of the Principal Amount Outstanding of the Class Z Notes have not confirmed to the Issuer that they will contribute their Cash Contribution Collateralisation Amount on the Portfolio Option Exercise Date, then (subject to the satisfaction of the Portfolio Sale Conditions) the exercise of the Portfolio Option will be by way of Portfolio Sale with the Portfolio Sale Purchase Price to be paid to the Issuer (and credited to the Issuer Transaction Account) no less than 2 Business Days prior to the Portfolio Option Exercise Date and such Portfolio Sale Purchase Price will be applied in accordance with the Post-Acceleration Priority of Payments.

In addition, in respect of a mandatory redemption by way of a Portfolio Sale, to the extent that there are any amounts remaining after the payment in full of all items ranking above payments to the Class Z Noteholders in the Post-Acceleration Priority of Payments, such amounts will be paid *pro rata* and *pari passu* to the Class Z Noteholders.

None of the Sellers, the Trustee or any of their Affiliates will be required to provide any representations or warranties in relation to any Portfolio Sale in respect of the exercise of the Portfolio Option. The Issuer will provide limited representations in relation to its interest in the Portfolio only.

The Trustee will consent to any Portfolio Sale that satisfies the Portfolio Sale Condition provided that it has received confirmation that the Portfolio Sale Conditions have been satisfied in the notice provided by the Portfolio Option Holder.

Event of Default..... Subject to any applicable grace period:

- (a) the Issuer fails to pay any amount of principal in respect of the Most Senior Class of Notes within five (5) days following the due date for payment of such principal or fails to pay any



amount of interest in respect of the Most Senior Class of Notes within five (5) days following the due date for payment of such interest (**provided that**, for the avoidance of doubt, a deferral of interest in respect of a Class of Notes (other than the Most Senior Class of Notes) in accordance with Condition 6(c) (*Deferral of Interest*) shall not constitute a default in the payment of such interest for the purposes of Condition 13 (*Events of Default*), and **provided that** it shall not constitute a default in the payment of any amount actually due and payable by the Issuer during the continuation of any Servicer Disruption if, during the continuation of any such Servicer Disruption, the Issuer continues to make all payments calculated to be payable by it by the Cash Manager and Calculation Agent); or

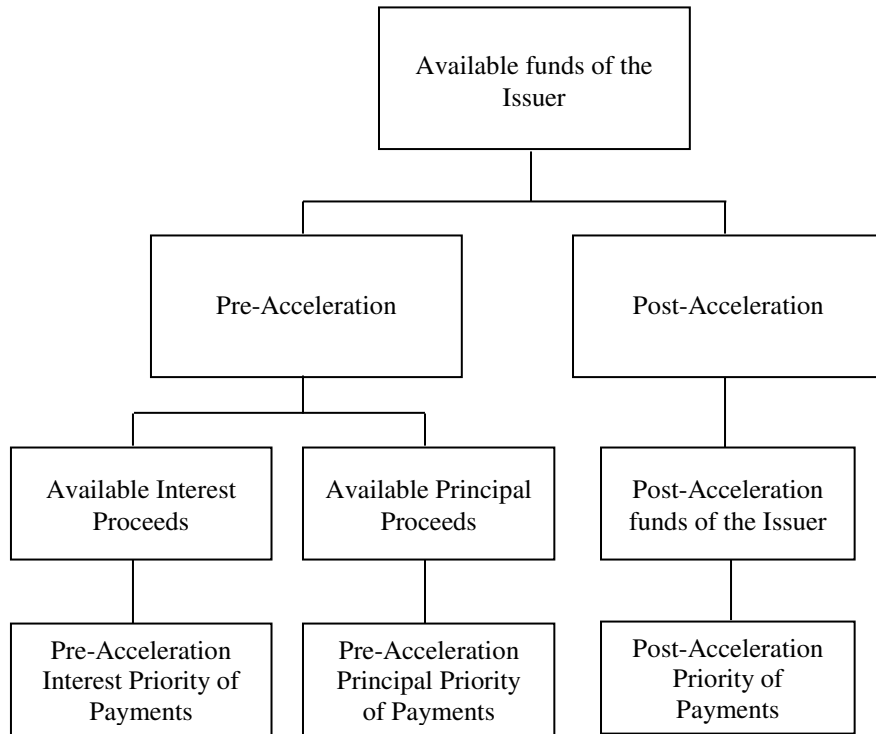
- (b) the occurrence of an Insolvency Event in respect of the Issuer; and
- (c) the Security is (except in accordance with the terms of the Transaction Documents), in whole or in part, terminated, released or otherwise ceases to be effective or be legally valid, binding and enforceable obligation of the Issuer.

Enforcement Event .....	If an Event of Default occurs and is continuing, the Trustee may at its discretion, and shall, if so directed by the Noteholders of the Most Senior Class of Notes acting by way of Extraordinary Resolution, (subject, in each case, to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction), deliver an Enforcement Notice to the Issuer, with a copy to each Agent (other than the Corporate Services Provider), the Sellers and the Rating Agencies, and institute such proceedings or take any other steps as may be required in order to enforce the Security (the service of such Enforcement Notice, in accordance with the Conditions, shall constitute an “ <b>Enforcement Event</b> ”). Following receipt of such Enforcement Notice, the Issuer shall give notice, or shall procure that such notice is given, to all Noteholders without undue delay in compliance with Condition 10 ( <i>Notifications</i> ).
Listing and Admission to Trading .....	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its regulated market.
Limited Recourse.....	The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in the Conditions.
Non-petition.....	The parties to the Transaction Documents (other than the Issuer) acknowledge and agree that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings under any applicable bankruptcy or similar law in connection with any claims, debts or obligations of the Issuer under the Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation such Transaction Document. For the avoidance of doubt, this shall not prevent the Trustee enforcing the security constituted by the Charge and Assignment in accordance with its terms, <b>provided that</b> in connection with any such enforcement neither the Trustee nor any Receiver appointed thereunder shall take any steps or proceedings to procure the winding up, examinership or liquidation of the Issuer.

Eurosystem eligibility .....	The Notes are intended upon issue to be held in a manner which will allow the European System of Central Banks (as the term is used in the Governing Council of the European Central Bank) (“ <b>Eurosystem</b> ”) eligibility. This means that the Notes are intended to be deposited with one of Euroclear and/or Clearstream, Luxembourg (each an “ <b>ICSD</b> ” and together the “ <b>ICSDs</b> ”) as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank (the “ <b>ECB</b> ”) being satisfied that all Eurosystem eligibility has been met (and, for the avoidance of doubt, such Eurosystem eligibility is not, as at the Closing Date, expected to be satisfied by any Notes that give rise to rights to principal and/or interest that are subordinated to the rights of holders of any other Notes).
Governing Law .....	English law, except that Irish law shall govern the Corporate Services Agreement only.

**OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW**

Please refer to the sections entitled “Key Structural Features” and “Cashflows and Cash Management” for further detail in respect of the credit structure and cashflow of the Transaction.



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

Available Interest Proceeds ..... On any Note Payment Date, the following amounts each calculated as of the immediately preceding Reporting Cut-Off Date (other than in the case of (c) below):

- (a) Interest Proceeds received during the immediately preceding Collection Period; *plus*
- (b) interest paid to the Issuer on the Issuer Accounts during the immediately preceding Collection Period (other than any Swap Collateral Account); *plus*

- (c) amounts received by the Issuer under the Interest Rate Cap (other than (i) any Swap Termination Payment received by the Issuer under an Interest Rate Cap which is to be applied in acquiring a replacement cap, (ii) any Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral or part thereof has been applied, pursuant to the provisions of the Interest Rate Cap, to reduce the amount that would otherwise be payable by the Interest Rate Cap Provider to the Issuer on early termination of the Interest Rate Cap and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Cap Provider, such Swap Collateral is not to be applied in acquiring a replacement cap in which case such amounts will be included in Available Interest Proceeds, (iii) amounts in respect of Swap Tax Credits on such Note Payment Date and (iv) any Replacement Swap Premium the Issuer receives in respect of a replacement Interest Rate Cap only to the extent it is applied directly in paying a Swap Termination Payment due to the outgoing Interest Rate Cap Provider); *plus*
- (d) all amounts standing to the credit of the Cash Reserve Account; *plus*
- (e) the lesser of (i) the amount required to pay a Senior Interest Deficiency on such Note Payment Date, and (ii) all amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Reporting Cut-Off Date (the relevant amount(s), if any, to be transferred to the Issuer Transaction Account from the Liquidity Reserve Account and applied as Available Interest Proceeds on such Note Payment Date); *plus*
- (f) the amount representing any deficiency in the Available Interest Proceeds under paragraphs (a) to (e) above required to pay any Remaining Senior Interest Deficiency (the relevant amount(s), if any, to be transferred to the Issuer Transaction Account from amounts otherwise constituting Available Principal Proceeds), up to an amount equal to the Available Principal Proceeds on such Note Payment Date; *plus*
- (g) any Available Principal Proceeds remaining after application of the Available Principal Proceeds pursuant to items (a) to (g) of the Pre-Acceleration Principal Priority of Payments on such Note Payment Date; *plus*
- (h) on the Final Rated Note Payment Date, any amounts left standing to the credit of the Liquidity Reserve Account.

Available Principal Proceeds..... On any Note Payment Date, the following amounts each calculated as of the immediately preceding Reporting Cut-Off Date:

- (a) any Principal Proceeds received during the immediately preceding Collection Period; *plus*
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledgers pursuant to the Pre-Acceleration Interest Priority of Payments on such Note Payment Date; *less*
- (c) an amount equal to the Available Principal Proceeds to be applied as Available Interest Proceeds pursuant to paragraph (f) of the definition thereof on such Note Payment Date.

Pre-Acceleration Interest

- Priority of Payments ..... Prior to the occurrence of an Enforcement Event, and in advance of the application of Available Principal Proceeds in accordance with the Pre-Acceleration Principal Priority of Payments, all Available Interest Proceeds shall be paid on each Note Payment Date in the following order of priority:
- (a) *first*, to the payment of taxes owing by the Issuer accrued in respect of the related Interest Period, if any (excluding any tax payable in respect of the Issuer Corporate Benefit and VAT payable in respect of any fees or other amounts the payment of which is provided for under this Pre-Acceleration Interest Priority of Payments);
  - (b) *second*, to the payment of the fees, costs, expenses (including legal fees and expenses) together with any VAT thereon payable to the Trustee or any Appointee by the Issuer pursuant to the Transaction Documents (including, without limitation, any indemnities thereunder);
  - (c) *third*, to the payment of, or provision for, on a *pro rata* and *pari passu* basis, of:
    - (i) the Issuer Corporate Benefit; and
    - (ii) the Administrative Expenses of the Issuer (in the order of priority set out in the definition thereof);
  - (d) *fourth*, to the payment of the Intermediary Services Fee (together with any VAT thereon, as provided in the Servicing Agreement);
  - (e) *fifth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
    - (A) any Replacement Swap Premium payable to a replacement Interest Rate Cap Provider; and
    - (B) any amounts due and payable to the Interest Rate Cap Provider under the Interest Rate Cap, other than Swap Subordinated Amounts;
  - (f) *sixth*, to the payment on a *pro rata* and *pari passu* basis to each Class A Noteholder their respective Class A Interest Amount;
  - (g) *seventh*, to credit (while any Class A Notes will remain outstanding following such Note Payment Date) the Class A Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
  - (h) *eighth*, to the payment on a *pro rata* and *pari passu* basis to each Class B Noteholder their respective Class B Interest Amount;

- (i) *ninth*, to credit (while any Class B Notes will remain outstanding following such Note Payment Date) the Class B Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (j) *tenth*, to the payment on a *pro rata* and *pari passu* basis to each Class C Noteholder their respective Class C Interest Amount;
- (k) *eleventh*, to credit (while any Class C Notes will remain outstanding following such Note Payment Date) the Class C Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (l) *twelfth*, to the payment on a *pro rata* and *pari passu* basis to each Class D Noteholder their respective Class D Interest Amount;
- (m) *thirteenth*, to credit (while any Class D Notes will remain outstanding following such Note Payment Date) the Class D Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (n) *fourteenth*, to credit (i) first, the Liquidity Reserve Account so that the positive balance thereon is equal to the Liquidity Reserve Required Amount, and (ii) second the Cash Reserve Account so that the positive balance thereon is equal to the Cash Reserve Required Amount;
- (o) *fifteenth*, to the payment on a *pro rata* and *pari passu* basis to each Class E Noteholder their respective Class E Interest Amount;
- (p) *sixteenth*, to credit (while any Class E Notes will remain outstanding following such Note Payment Date) the Class E Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (q) *seventeenth*, to credit (while any Class Z Notes will remain outstanding following such Note Payment Date) the Class Z Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (r) *eighteenth*, to the payment on a *pro rata* and *pari passu* basis, to each Class X Noteholder their respective Class X Interest Amount;

- (s) *nineteenth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards payment by the Issuer to the Interest Rate Cap Provider of any Swap Subordinated Amounts then due and payable by the Issuer to the Interest Rate Cap Provider;
- (t) *twentieth*, to the redemption of the Class X Notes on a *pro rata* and *pari passu* basis until the Class X Notes are redeemed in full;
- (u) *twenty-first*, to the payment, on a *pro rata* and *pari passu* basis, of principal due and payable in respect of each Subordinated Loan to the relevant Subordinated Loan Provider under the terms of the Subordinated Loan Agreement; and
- (v) *twenty-second*, the remainder, to the payment on a *pro rata* and *pari passu* basis to the Class Z Noteholders by way of interest.

Pre-Acceleration Principal

Priority of Payments .....

Prior to the occurrence of an Enforcement Event, and following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments all Available Principal Proceeds shall be paid on each Note Payment Date in the following order of priority (where, prior to a Sequential Amortisation Trigger Event, the calculation of respective Repayment Amounts in respect of each Class of Notes (as defined on page 272) shall be net of debits to the respective Principal Deficiency Ledger for each such Class of Notes):

- (a) *first*, to the redemption of the Class A Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class A Noteholders, in an aggregate amount equal to the Class A Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class A Notes are redeemed in full;
- (b) *second*, to the redemption of the Class B Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class B Noteholders, in an aggregate amount equal to the Class B Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class B Notes are redeemed in full;
- (c) *third*, to the redemption of the Class C Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class C Noteholders, in an aggregate amount equal to the Class C Repayment Amount, and (ii) at any time on or follow a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class C Notes are redeemed in full;

- (d) *fourth*, to the redemption of the Class D Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class D Noteholders, in an aggregate amount equal to the Class D Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class D Notes are redeemed in full;
- (e) *fifth*, to the redemption of the Class E Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class E Noteholders, in an aggregate amount equal to the Class E Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class E Notes are redeemed in full;
- (f) *sixth*, to the redemption of the Class X Notes following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class X Notes are redeemed in full;
- (g) *seventh*, to the redemption of the Class Z Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class Z Noteholders, in an aggregate amount equal to the Class Z Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class Z Notes are redeemed in full; and
- (h) *eighth*, the excess (if any) to be applied in accordance with the priority set out in the Pre-Acceleration Interest Priority of Payments as Available Interest Proceeds.

Post-Acceleration

Priority of Payments .....

On each Note Payment Date (or on such other date as the Trustee instructs in writing in accordance with the Transaction Documents) on or following the occurrence of an Enforcement Event and on the Note Payment Date on which an optional redemption or mandatory redemption is exercised in accordance with Conditions 8.2 (*Optional Redemption in whole – Clean-up Call*), Condition 8.3 (*Mandatory Redemption pursuant to the exercise of the Portfolio Option*), Condition 8.4 (*Mandatory Redemption in whole following a Tax Event*), Condition 8.5 (*Mandatory Redemption in whole upon the occurrence of an Illegality Event*) and 8.6 (*Optional Redemption in whole upon the occurrence of a Regulatory Event*), the Cash Manager and Calculation Agent shall cause all amounts standing to the credit of the Issuer Transaction Account and all proceeds (other than amounts representing (i) any Excess Swap Collateral which shall be returned directly to an Interest Rate Cap Provider (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (ii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Interest Rate Cap Provider), and (iii) any Swap Tax Credits, which shall be applied directly to an Interest Rate Cap Provider in accordance with the Cash Management and Calculation Agency Agreement, and (iv) prior to the designation of an early termination date under an Interest Rate Cap and the resulting application of the Swap Collateral by way of netting or set-off, all Swap Collateral provided by an Interest Rate Cap Provider to the Issuer pursuant to an Interest Rate Cap (and any interest or distributions in respect thereof) from the enforcement of the Security or otherwise recovered by the Trustee



(which shall be held by the Trustee on trust) to be applied in payment, in the amounts required, in the following order of priority:

- (a) *first*, to the payment of taxes owing by the Issuer accrued in respect of the related Interest Period, if any (excluding any tax payable in respect of the Issuer Corporate Benefit and VAT payable in respect of any fees or other amounts the payment of which is provided for under this Post-Acceleration Priority of Payments);
- (b) *second*, to the payment of the fees, costs, expenses (including legal fees and expenses) and any other amounts (together with any VAT thereon) payable to the Trustee or any Appointee (and any Receiver appointed by the Trustee under the Charge and Assignment) by the Issuer pursuant to the Transaction Documents (including, without limitation, any indemnities thereunder);
- (c) *third*, to the payment of, or provision for, on a *pro rata* and *pari passu* basis, of the Administrative Expenses of the Issuer (in the order of priority set out in the definition thereof);
- (d) *fourth*, to the payment of the Intermediary Services Fee (together with any VAT thereon, as provided in the Servicing Agreement);
- (e) *fifth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (A) any Replacement Swap Premium payable to a replacement Interest Rate Cap Provider; and
  - (B) any amounts due and payable to the Interest Rate Cap Provider under the Interest Rate Cap, other than Swap Subordinated Amounts;
- (f) *sixth*, to the payment on a *pro rata* and *pari passu* basis to each Class A Noteholder their respective Class A Interest Amount;
- (g) *seventh*, to the redemption of the Class A Notes *pro rata* and *pari passu* until the Class A Notes are redeemed in full;
- (h) *eighth*, to the payment on a *pro rata* and *pari passu* basis to each Class B Noteholder their respective Class B Interest Amount;
- (i) *ninth*, to the redemption of the Class B Notes *pro rata* and *pari passu* until the Class B Notes are redeemed in full;
- (j) *tenth*, to the payment on a *pro rata* and *pari passu* basis to each Class C Noteholder their respective Class C Interest Amount;
- (k) *eleventh*, to the redemption of the Class C Notes *pro rata* and *pari passu* until the Class C Notes are redeemed in full;
- (l) *twelfth*, to the payment on a *pro rata* and *pari passu* basis to each Class D Noteholder their respective Class D Interest Amount;

- (m) *thirteenth*, to the redemption of the Class D Notes *pro rata* and *pari passu* until the Class D Notes are redeemed in full;
- (n) *fourteenth*, to the payment on a *pro rata* and *pari passu* basis to each Class E Noteholder their respective Class E Interest Amount;
- (o) *fifteenth*, to the redemption of the Class E Notes *pro rata* and *pari passu* until the Class E Notes are redeemed in full;
- (p) *sixteenth*, to the payment on a *pro rata* and *pari passu* basis to each Class X Noteholder of their respective Class X Interest Amount;
- (q) *seventeenth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards payment by the Issuer to the Interest Rate Cap Provider of any Swap Subordinated Amounts then due and payable by the Issuer to the Interest Rate Cap Provider;
- (r) *eighteenth*, to the redemption of the Class X Notes *pro-rata* and *pari passu* until the Class X Notes are redeemed in full;
- (s) *nineteenth*, to the payment, on a *pro rata* and *pari passu* basis, of principal due and payable in respect of each Subordinated Loan to the relevant Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (t) *twentieth*, to the redemption of the Class Z Notes *pro rata* and *pari passu* until the Class Z Notes are redeemed in full;
- (u) *twenty-first*, to pay any other amounts due and payable by the Issuer to any third party to the extent not provided for elsewhere in the Post-Acceleration Priority of Payments; and
- (v) *twenty-second*, the remainder to the payment on a *pro rata* and *pari passu* basis to the Class Z Noteholders by way of interest.

General Credit Structure ..... The general credit structure of the transaction includes, broadly speaking, the following elements:

- (a) Credit Support:
  - in respect of the Rated Notes, availability of the Cash Reserve Account, which will be initially funded on the Closing Date in an amount equal to the Cash Reserve Required Amount and will, prior to the occurrence of an Enforcement Event, be replenished from, and to the extent of, Available Interest Proceeds (subject to the Pre-Acceleration Interest Priority of Payments) up to the Cash Reserve Required Amount on each Note Payment Date. Amounts from the Cash Reserve Account, will be applied by the Issuer as Available Interest Proceeds on each Note Payment Date in accordance with the Pre-Acceleration Interest Priority of Payments;
  - Following a Sequential Amortisation Trigger Event, repayments of principal in respect of junior Classes of

Notes will be subordinated to repayment of principal in respect of more senior Classes of Notes, thereby ensuring that available funds are applied to repayment of principal in respect of the Most Senior Class of Notes in priority to repayment of principal in respect of more junior Classes of Notes; and

- Principal Deficiency Ledgers will be established for each Class of Notes (other than the Class X Notes) to record the Default Amounts corresponding to each Class of Notes in reverse Sequential Order and/or the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date. Available Interest Proceeds will be applied in accordance with the relevant Priority of Payments to make up the relevant Principal Deficiency Ledger in Sequential Order;

(b) Liquidity Support:

- in respect of the Most Senior Class of Notes (except the Class E Notes, Class X Notes or the Class Z Notes) only, availability of the Liquidity Reserve Account, which will initially be funded on the Closing Date in an amount equal to the Liquidity Reserve Required Amount and will, prior to the occurrence of an Enforcement Event, be replenished from, and to the extent of, Available Interest Proceeds (subject to the Pre-Acceleration Interest Priority of Payments) up to the Liquidity Reserve Required Amount. Amounts from the Liquidity Reserve Account, may be used by the Issuer to cover any Senior Interest Deficiency pursuant to the Pre-Acceleration Interest Priority of Payments; and
- in respect of the Most Senior Class of Notes only, application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date as set out below;

(c) Hedging:

- availability of an interest rate cap provided by the Interest Rate Cap Provider to hedge against the possible variance between the fixed rate of interest received by the Issuer on the Purchased Loan Receivables and the SONIA-based interest payable in respect of the Rated Notes, the Class E Notes and the Class X Notes.

Application of Available  
Principal Proceeds to Pay

Remaining Senior Interest Deficiency .....

Prior to an Enforcement Event, Available Principal Proceeds may be applied on each Note Payment Date to make payments under the Pre-Acceleration Interest Priority of Payments in an amount equal to any Remaining Senior Interest Deficiency.

If any amounts of Available Principal Proceeds are applied to pay or provide for a Remaining Senior Interest Deficiency on any Note Payment Date, the Issuer (or the Cash Manager and Calculation Agent on its behalf) will make a corresponding entry in the relevant Principal Deficiency Ledger (see further the section entitled “Key Structural Features – Use of Available Principal Proceeds to fund a Remaining Senior Interest Deficiency”).

Principal Deficiency Ledgers ..... A Principal Deficiency Ledger will be established for each Class of Notes (other than the Class X Notes) to record Default Amounts arising in the immediately preceding Collection Period in respect of the Purchased Loan Receivables and/or the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

The application of Default Amounts in respect of the Purchased Loan Receivables and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date will be recorded as a debit:

- (a) *first*, to the Class Z Principal Deficiency Ledger up to a maximum of the Class Z Principal Deficiency Limit;
- (b) *second*, to the Class E Principal Deficiency Ledger up to a maximum of the Class E Principal Deficiency Limit;
- (c) *third*, to the Class D Principal Deficiency Ledger up to a maximum of the Class D Principal Deficiency Limit;
- (d) *fourth*, to the Class C Principal Deficiency Ledger up to a maximum of the Class C Principal Deficiency Limit;
- (e) *fifth*, to the Class B Principal Deficiency Ledger up to a maximum of the Class B Principal Deficiency Limit; and
- (f) *sixth*, to the Class A Principal Deficiency Ledger up to a maximum of the Class A Principal Deficiency Limit.

Bank Accounts and Cash Management ..... Loan Receivable Proceeds are received into the Collection Account. The Servicing and Collection Agent, on behalf of the Issuer, shall ensure that all amounts standing to the credit of the Collection Account on each Business Day that represent Loan Receivable Proceeds are transferred to the Issuer Transaction Account no later than close of business (London time) on such Business Day (and in any case within two (2) Business Days), **provided that**, notwithstanding the forgoing, if and to the extent that the Servicing and Collection Agent believes that any amount received by it represents both Loan Receivable Proceeds and an amount received in respect of any other loan made available to the same Funding Circle Borrower and held by a Funding Circle Investor other than the Issuer, the Servicing and Collection Agent may retain such amount in the Collection Account until such time as it has determined how much of the relevant amount represents such Loan Receivable Proceeds and, once it has done so, the Servicing and Collection Agent shall: (1) promptly (and, in any event within one (1) Business Day) transfer the amount representing such Loan Receivable Proceeds to the Issuer Transaction Account and (2) amounts not constituting Loan Receivable Proceeds shall cease to be Trust Property under the Collection Account Declaration of Trust and the Servicing and Collection Agent may transfer remaining amounts to such other account it shall select. If Loan Receivable Proceeds held in the Collection Account consist of unscheduled payments of principal or interest in respect of a Loan Receivable, then such amounts shall be held in the Collection Account and constitute Trust Property, until such time as such unscheduled payment is identified by the Servicing and Collection Agent and promptly transferred to the Issuer Transaction Account (such transfer to be on the same Business Day of such identification).

Overview of Key Interest

Rate Cap Terms ..... The Interest Rate Cap has the following key commercial terms:

- Swap Notional Amount: £221,258,000.00 amortising in accordance with a fixed notional amount schedule.
- Fixed Amount Payer: the Issuer
- Fixed Amount Payment: the “Fixed Amount” specified in the Interest Rate Cap
- Frequency of Fixed Amount payment: one (1) payment on the Closing Date
- Floating Rate Payer: Interest Rate Cap Provider
- Frequency of Floating Rate Payer payment: monthly
- Floating Rate: Compounded Daily SONIA
- Strike Price: 2 *per cent*.
- Floating Rate Day Count Fraction: Act/Act (ICMA)
- Floating Rate Payer Payment Dates: The 15<sup>th</sup> day of each calendar month in each year, commencing on 15 December 2019, through and including the Termination Date, subject to adjustment in accordance with the Business Day Convention.
- Business Day Convention: Following.

**OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP  
WITH OTHER SECURED CREDITORS**

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

Prior to an Event of Default..... Noteholders holding not less than 10 *per cent.* of the Principal Amount Outstanding of a particular Class of Notes may, by written request, require the Issuer and/or the Trustee to convene a meeting of Noteholders, subject to: (i) certain conditions, including minimum notice periods, and (ii) the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which may be incurred by it in connection therewith, and all Noteholders are entitled to attend and speak at a meeting.

Following an Event of Default ..... If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding, (subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction) deliver an Enforcement Notice to the Issuer, with a copy to each Agent (other than the Corporate Services Provider), the Sellers and the Rating Agencies, and institute such proceedings and take any other steps as may be required in order to enforce the Security.

Following receipt of such Enforcement Notice, the Issuer shall give notice, or shall procure that such notice is given, to all Noteholders without undue delay in compliance with Condition 10 (*Notifications*).

Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued interest.

Noteholders Meeting Provisions

	<b>Any meeting other than a meeting adjourned for want of quorum</b>	<b>Meeting previously adjourned for want of quorum</b>
Notice Period	21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting)	10 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) of a meeting adjourned through want of quorum
Quorum	Two or more persons holding or representing more than 50 <i>per cent.</i> of the aggregate Principal Amount Outstanding of the Notes, other than in respect of an Extraordinary Resolution, which requires two or more persons holding or representing not less than 75 <i>per cent.</i> of the aggregate Principal Amount Outstanding of the Notes	Two or more persons holding or representing more than 25 <i>per cent.</i> of the aggregate Principal Amount Outstanding of the Notes
Required majority for an Ordinary Resolution or an Extraordinary Resolution	In respect of an Ordinary Resolution, more than 50 <i>per cent.</i> and in respect of an Extraordinary Resolution, at least 75 <i>per cent.</i> , in each case, by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are represented at such meeting and are entitled to be voted.	
Written Resolution	In respect of an Ordinary Resolution, more than 50 <i>per cent.</i> and in respect of an Extraordinary Resolution, at least 75 <i>per cent.</i> , in each case by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Written Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.	

Relationship between Classes  
of Noteholders .....

Except where expressly provided otherwise, where in the opinion of the Trustee there is a conflict of interest between or among the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes, the Trustee shall give priority to the interests of (a) the Class A Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class X Noteholders and the Class Z Noteholders, (b) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class X Noteholders and the Class Z Noteholders, (c) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class X Noteholders and the Class Z Noteholders, (d) the Class D Noteholders over the Class E Noteholders, the Class X Noteholders and the Class Z Noteholders, (e) the Class E Noteholders over the Class X Noteholders and the Class Z Noteholders and (f) the Class X Noteholders over the Class Z Noteholders. If the Trustee receives conflicting or inconsistent requests from two or more groups of holders of a Class given priority as described in this paragraph, each representing less than the majority by principal amount of Notes outstanding of such Class (but subject to them meeting the required threshold for instruction pursuant to the Transaction Documents), the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class.

Except as expressly provided otherwise by the Trust Deed or any other Transaction Document, the Trustee will act in relation to the Trust Deed or any other Transaction Document upon the directions of the holders of the Most Senior Class of Notes acting by Extraordinary Resolution, subject to being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which may be incurred by it in connection therewith, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes.

Issuer as Noteholder

The Issuer shall not be entitled to vote at any meeting in respect of Notes held beneficially by it or for its account. Nothing herein contained shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative or otherwise connected with the Issuer or such proxies from counting as quorum. At no time shall the Issuer hold any Notes.

Relationship between Noteholders and other  
Secured Creditors .....

So long as any of the Notes of any Class remains Outstanding, the Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by the Trust Deed except where expressly provided otherwise, have no regard to the interests of any Secured Creditor other than the Noteholders or, at any time, to the interests of any other person and no Secured Creditor shall have any claim against the Trustee for so doing.



- Modifications..... Notwithstanding the provisions of Condition 15.3 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any other Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions or any Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents (following the Trustee's review thereof) that the Issuer certifies to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) as being necessary 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, as further set out in Condition 15.4 (*Additional Right of Modification*) and (ii) the screen rate or the base rate that then applies in respect of the Rated Notes or the Class E Notes or the Class X Notes, as further detailed in Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*).
- Basic Terms Modifications..... Each of the following shall constitute a Basic Terms Modification and be required to be passed by an Extraordinary Resolution of each Class of Noteholders:
- (a) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;
  - (b) the modification of any provision relating to the timing and/or circumstances of the payment of interest (other than pursuant to and in accordance with Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*)) or redemption of the Notes of a Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated);
  - (c) the modification of any of the provisions of the Trust Deed or the Conditions which would directly and adversely affect the calculation of the amount of any payment of interest (other than pursuant to and in accordance with Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*)) or principal on any Note;
  - (d) the adjustment of the outstanding Principal Amount Outstanding of the Notes of a relevant Class of Notes;
  - (e) a change in the currency of payment of the Notes of a Class;
  - (f) any change to any Priority of Payments or of any payment items in any Priority of Payments;
  - (g) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass a Resolution or any other provision of the Trust Deed or the Conditions which requires the written consent of the holders of a requisite Principal Amount Outstanding of the Notes of any Class Outstanding;

- (h) any modification of any Transaction Document having a material adverse effect on the security over the Charged Property constituted by the Charge and Assignment;
- (i) any item requiring approval by Extraordinary Resolution pursuant to the Conditions or any Transaction Document; and
- (j) any modification that amends or has the effect of amending the definition of “**Basic Terms Modification**”.

For the avoidance of doubt, the approval of a Basic Terms Modification may only be made by Extraordinary Resolution and no Extraordinary Resolution involving a Basic Terms Modification that is passed by Noteholders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of each of the other Classes of Notes affected.

Provision of Information

to the Noteholders.....

The Cash Manager and Calculation Agent will publish an investor report (each, an “**Investor Report**”) on a monthly basis on each Calculation Date containing 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 Collection Period, required counterparty information and the Retention Holders’ respective holdings of each Class of Notes and notice of any change to the manner in which the Minimum Retained Amount is held by each Retention Holder in accordance with the Securitisation Regulation. The Investor Report will also contain certain aggregated loan data in relation to the Loan Portfolio. The Investor Reports will be made available electronically (including sending them to Bloomberg) to the Issuer, the Servicing and Collection Agent, the Trustee, Rating Agencies and any other party the Issuer may direct.

Regulatory reporting.....

The Reporting Agent will (on behalf of the Issuer as reporting entity) on a quarterly basis procure the publication of (i) a report or reports containing the information specified under Article 7(1)(e) of the Securitisation Regulation (the “**Quarterly Investor Report**”) and (ii) a report containing certain loan-by-loan information in relation to the Loan Portfolio for the purposes of Article 7(1)(a) of the Securitisation Regulation (the “**Quarterly Loan-by-Loan Report**”). Subject to receipt or knowledge of the relevant information, the Reporting Agent will also (on behalf of the Issuer as reporting entity) co-ordinate the publication, without delay, of any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation. The information referred to above will be made available electronically on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=11833> being a website which the Issuer believes meets the requirements of Article 7(2) of the Securitisation Regulation, or by such other means as are required or as are permitted (and selected by the Issuer) from time to time by the Securitisation Regulation.

## TRIGGERS TABLES

## Ratings Triggers Table

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
Issuer Account Bank	<p>The Issuer Account Bank is required to be an institution with:</p> <ul style="list-style-type: none"> <li>(a) an issuer credit rating of at least “A” by S&amp;P; or</li> <li>(b) (i) a long-term rating of at least “A2” by Moody’s; or (ii) if the Issuer Account Bank does not have a long-term rating by Moody’s, a short-term deposit rating of at least “P-1” by Moody’s; or</li> <li>(c) such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings of the Rated Notes.</li> </ul>	<p>If the Issuer Account Bank ceases to be an Eligible Institution, the Issuer shall use its best endeavours to within 30 calendar days following the first day on which the Issuer Account Bank ceased to be an Eligible Institution, either:</p> <ul style="list-style-type: none"> <li>(a) close the Issuer Accounts and the Corporate Benefit Account held with the Issuer Account Bank and open new replacement accounts with a financial institution (I) that is an Eligible Institution and (II) which is a bank as defined in Section 991 of the Income Tax Act 2007 which is either (x) incorporated and tax resident in the United Kingdom for United Kingdom tax purposes, or (y) tax resident outside the United Kingdom for United Kingdom tax purposes but which lends from and performs its obligations under the Account Bank Agreement from a facility office within the United Kingdom and to which payments can be made under the Account Bank Agreement without any withholding or deduction for or on account of United Kingdom taxation, and transfer all amounts standing to the credit thereof into such new accounts;</li> <li>(b) obtain an irrevocable, first demand guarantee in support of the Issuer Account Bank’s obligations under the Account Bank Agreement from a financial institution that is an Eligible Institution; or</li> <li>(c) take such other actions as may be reasonably requested by the parties to the Account Bank Agreement to ensure that the ratings of the Rated Notes immediately prior to the Issuer Account Bank ceasing to be an Eligible Institution are not adversely affected by the Issuer Account Bank ceasing to be an Eligible Institution.</li> </ul>

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
Interest Rate Cap Provider	<p><b>Moody's Requirements</b></p> <p>Collateral trigger: (i) A long term counterparty risk assessment from Moody's of "Baa2(cr)" or above, or (ii) if a counterparty risk assessment is not available for such entity, if its long term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's (the "<b>Qualifying Collateral Trigger Rating</b>").</p>	<p>If the Interest Rate Cap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and at least 30 business days have elapsed since the last time the Interest Rate Cap Provider had a Qualifying Collateral Trigger Rating, the Interest Rate Cap Provider must, if required, post collateral and may either (i) transfer its rights and obligations under the Interest Rate Cap to an appropriately rated replacement third party, (ii) provide collateral under the terms of the CSA, or (iii) take such other action as required to maintain or restore the Ratings of the Rated Notes by Moody's.</p> <p>A failure by the Interest Rate Cap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Cap.</p>
	<p>Transfer Trigger: (i) A long term counterparty risk assessment from Moody's of "Baa3(cr)" or above, or (ii) if a counterparty risk assessment is not available for such entity, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "Baa1" or above by Moody's (the "<b>Qualifying Transfer Trigger Rating</b>").</p>	<p>If the Interest Rate Cap Provider (or its successor, assignee or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Interest Rate Cap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the Interest Rate Cap to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.</p> <p>A failure by the Interest Rate Cap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Cap.</p>

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
	<p><b>S&amp;P long-term and short-term unsecured, unsubordinated and unregulated debt rating requirements</b></p> <p>S&amp;P Global Ratings’ ‘Counterparty Risk Framework: Methodology And Assumptions’, (published on 8 March 2019) permit four different options for selecting applicable frameworks containing transfer ratings triggers, and the contractual requirements that should apply on the occurrence of breach of a transfer ratings trigger by the Interest Rate Cap Provider (the S&amp;P Framework, as defined and set out in the Interest Rate Cap). Subject to certain conditions specified in the Interest Rate Cap, the Interest Rate Cap Provider may change the applicable S&amp;P Framework by written notice to the Issuer, the Trustee and S&amp;P.</p> <p>S&amp;P Framework S&amp;P “Adequate” is expected to apply on the Closing Date.</p> <p>An <b>“Initial S&amp;P Rating Event”</b> shall occur if neither the Interest Rate Cap Provider (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of the Interest Rate Cap Provider has a long-term rating of at least “BBB+”; or</p> <p>A <b>“Subsequent S&amp;P Rating Event”</b>) shall occur if neither the Interest Rate Cap Provider (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of the Interest Rate Cap Provider has a long-term rating of at least “BBB+”.</p>	<p>Subject to the terms of the Interest Rate Cap, the consequences of breach is that the Interest Rate Cap Provider will be obliged to (a) post collateral and may (b) (i) procure a transfer to an eligible replacement of the obligations under the Interest Rate Cap or (ii) take such other action as required to maintain or restore the rating of the Rating Notes by S&amp;P.</p> <p>Subject to the terms of the Interest Rate Cap Agreement, the consequences of breach is that the Interest Rate Cap Provider will be obliged to (a) use commercially reasonable efforts to take one of the following actions: (i) to procure a transfer to an eligible replacement of its obligations under the Interest Rate Cap or (ii) take such other action as required to maintain or restore the Ratings of the Notes by S&amp;P and (b) as long as the remedial actions of limb (a) have not been put into place, to post or continue to post collateral.</p> <p>A failure by the Interest Rate Cap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Cap.</p>

### Non-Ratings Triggers Table

Transaction Party	Description of Trigger (subject in each case to applicable qualifiers)	Possible effects of Non-Ratings Trigger being breached include the following
Servicing Termination Event	<ul style="list-style-type: none"> <li>(a) Servicing and Collection Agent payment default;</li> <li>(b) Failure to deliver Servicing Report;</li> <li>(c) failure to maintain licence, registration or authorisation of the Servicing and Collection Agent;</li> <li>(d) Failure of the Servicing and Collection Agent to comply with any of its other covenants, obligations or representations;</li> <li>(e) Representation or warranty given by Servicing and Collection Agent materially incorrect</li> <li>(f) Servicing and Collection Agent repudiation of Transaction Documents;</li> <li>(g) Insolvency proceeding are begun against the Servicing and Collection Agent;</li> <li>(h) Court judgment against the Servicing and Collection Agent greater than £15,000,000;</li> <li>(i) Failure of Funding Circle to consent to proposed purchaser of Purchased Loan Receivables to become a member of the Funding Circle Platform following Enforcement Event; or</li> <li>(j) Unlawfulness.</li> </ul>	<p>Servicing and Collection Agent may be terminated following which the Back-Up Servicing and Collection Agent will replace the Servicing and Collection Agent and provide such services as are required for the collection of the Purchased Loan Receivables until the Loan Portfolio has been realised.</p>
Back-Up Servicing Termination Event	<ul style="list-style-type: none"> <li>(a) Failure of the Back-Up Servicing and Collection Agent to comply with any of its covenants, obligations or representations;</li> <li>(b) Insolvency proceeding are begun against the Back-Up Servicing and Collection Agent; or</li> <li>(c) Court judgment against the Back-Up Servicing and Collection Agent greater than £2,000,000.</li> </ul>	<p>Back-Up Servicing and Collection Agent may be terminated following which successor Back-Up Servicing and Collection Agent to be appointed.</p>

<b>Transaction Party</b>	<b>Description of Trigger (subject in each case to applicable qualifiers)</b>	<b>Possible effects of Non-Ratings Trigger being breached include the following</b>
Cash Manager and Calculation Agent Termination Event	<ul style="list-style-type: none"> <li>(a) Cash Manager and Calculation Agent payment default;</li> <li>(b) Failure of the Cash Manager and Calculation Agent to comply with any of its covenants or obligations; or</li> <li>(c) Insolvency Event in respect of the Cash Manager and Calculation Agent.</li> </ul>	Cash Manager and Calculation Agent may be terminated following which successor Cash Manager and Calculation Agent to be appointed.
Principal Paying Agent and Registrar Termination	<ul style="list-style-type: none"> <li>(a) Insolvency Event in respect of the Principal Paying Agent or Registrar.</li> </ul>	Principal Paying Agent or Registrar (as applicable) may be terminated following which successor Principal Paying Agent or Registrar to be appointed.
Issuer Account Bank	<ul style="list-style-type: none"> <li>(a) Tax Deduction in respect of the interest payable on the Issuer Accounts;</li> <li>(b) in respect of the Issuer Account Bank, it ceases to be an Eligible Institution as it has failed to comply with Clause 10.7 of the Account Bank Agreement;</li> <li>(c) Issuer Account Bank is a “financial institution” as such term is defined pursuant to FATCA, and such Issuer Account Bank ceases to be a FATCA Exempt Party and a replacement of the Issuer Account Bank would avoid such application;</li> <li>(d) cessation of business by or insolvency of Issuer Account Bank;</li> <li>(e) insolvency proceeding are begun against the Issuer Account Bank;</li> <li>(f) Issuer Account Bank payment default; and</li> <li>(g) failure of the Issuer Account Bank to comply with any of its covenants or obligations.</li> </ul>	Issuer Account Bank may be terminated following which successor Issuer Account Bank to be appointed.

**FEES**

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

<b>Type of fee</b>	<b>Amount of fee</b>	<b>Priority in cashflow</b>	<b>Frequency</b>
Intermediary Services Fee	1.00 <i>per cent. per annum</i> of the Aggregate Collateral Principal Balance of all Purchased Loan Receivables which are Non-Defaulted Loans calculated on a daily basis (exclusive of VAT, as provided in the Servicing Agreement) from 1 November 2019.	Ahead of all outstanding Notes	Monthly
Back-Up Servicing and Collection Agent Fee		Ahead of all outstanding Notes	Monthly
Other fees and expenses of the Issuer		Ahead of all outstanding Notes	Monthly
Expenses related to the listing and admission to trading of the Notes		Ahead of all outstanding Notes	On or about the Closing Date



## CERTAIN REGULATORY DISCLOSURES

### Securitisation Regulation

The Retention Holders will, for the life of the Transaction, retain as “originators” (as defined in Article 2(3) of the Securitisation Regulation), a cumulative material net economic interest of not less than five (5) per cent. in the securitisation in accordance with Article 6 of the Securitisation Regulation. As at the Closing Date, such interest will comprise the Retention Holders cumulatively holding no less than five (5) per cent. of the nominal value of each Class of Notes sold or transferred to investors on the Closing Date (the “**Minimum Retained Amount**”), as required by Article 6(3)(a) of the Securitisation Regulation. The Retention Holders will subscribe for and hold (i) in the case of Funding Circle, 51 *per cent.* of the Minimum Retained Amount, and (ii) in the case of Glencar XI, 49 *per cent.* of the Minimum Retained Amount, being, in each case, a *pro rata* holding by reference to the Aggregate Collateral Principal Balance of the Purchased Loan Receivables in respect of which they respectively act as originator (their “**Origination Percentage**”).

Each Retention Holder will undertake in favour of the Issuer and the Trustee (pursuant to the Master Framework Agreement) and the Arranger, the Joint Lead Managers and the other Retention Holder (pursuant to the Subscription Agreement), that, for so long as any Note remains outstanding, it shall not:

- (a) sell, transfer or surrender all or any part of its rights, benefits or obligations arising from its economic interest in the Origination Percentage of the Minimum Retained Amount;
- (b) allow its economic interest in the Origination Percentage of the Minimum Retained Amount to become subject to any form of credit risk mitigation or hedging;
- (c) enter into a transaction synthetically effecting any of the actions referred to in paragraphs (a) to (b) above, or referencing its economic interest in the Origination Percentage of the Minimum Retained Amount; or
- (d) take any other action which would reduce the Retention Holder’s aggregate exposure to the economic risk of its Origination Percentage of the Minimum Retained Amount,

in each case, except to the extent permitted under the Securitisation Regulation.

Each Retention Holder will undertake, on a several basis, to notify the Issuer, the Trustee, the Cash Manager and Calculation Agent, the Joint Lead Managers, the Arranger and the other Retention Holder promptly if for any reason: (i) it ceases to hold its Origination Percentage of the Minimum Retained Amount or (ii) it fails to comply with any of its other obligations in respect of the Securitisation Regulation.

Representations, warranties and covenants provided by the Retention Holders in respect of the retention of the Minimum Retained Amount will be provided by each Retention Holder on a several basis in respect of retention of its Origination Percentage of the Minimum Retained Amount only (and not in respect of the retention by the other Retention Holder).

Funding Circle, in its capacity as Retention Holder, will represent and warrant that, to the extent that not all of the Loans held by Great Trinity that satisfy the Eligibility Criteria as at the Loan Portfolio Cut-Off Date are transferred to the Issuer on the Closing Date pursuant to the Receivables Sale Agreement, the Loans sold to the Issuer pursuant to the Receivables Sale and Assignment Agreement have not been selected with the aim of rendering losses on such Loans, over the greater of (A) the life of the Transaction, and (B) the period of four (4) years from the date of their sale, higher than the losses over the same period on comparable Loans held on Great Trinity’s balance sheet.

Glencar XI, in its capacity as Retention Holder, will represent and warrant that, to the extent that not all of the Loans held by it or by Glencar XXVI that satisfy the Eligibility Criteria as at the Loan Portfolio Cut-Off Date are transferred to the Issuer on the Closing Date pursuant to the Receivables Sale and Assignment Agreement, the Loans sold to the Issuer pursuant to the Receivables Sale and Assignment Agreement have not been selected with the aim of rendering losses on such Loans, over the greater of (A) the life of the Transaction, and (B) the period of four (4) years from the date of their sale, higher than the losses over the same period on comparable Loans held on Glencar XI’s balance sheet.

Each Retention Holder will represent and warrant that it has not been established and does not operate for the sole purpose of securitising exposures. Please refer to the section entitled “*The Retention Holders, Subordinated Loan Providers and Reporting Agent*” for further information regarding the Retention Holders.

Each Retention Holder will undertake in favour of the Issuer, the Trustee, the Arranger, the Joint Lead Managers and the other Retention Holder that in each Investor Report it will disclose (or will procure there is disclosed): (i) any change in the manner in which its Origination Percentage of the Minimum Retained Amount is held (if applicable) and (ii) such information (if any) as is required to be made available or disclosed by it under the Securitisation Regulation in such Investor Report (other than any information which the Issuer as reporting entity has undertaken to provide pursuant to Article 7 of the Securitisation Regulation), and that it shall give notice of any such change and/or provide such information to the Cash Manager and Calculation Agent and the Reporting Agent no later than two (2) Business Days immediately preceding each Calculation Date in respect of any such applicable Investor Report.

Article 5 of the Securitisation Regulation requires an institutional investor to, amongst other things, be able to demonstrate that it has undertaken certain due diligence prior to holding each of its individual securitisation positions and that it has a comprehensive and thorough understanding of, and has implemented written policies and procedures appropriate to, its trading book and non-trading book which are commensurate with the risk profile of its investment in a securitised position.

The Trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the Retention Holders with such undertakings. For further information please refer to the section entitled “*Risk Factors – Counterparty risks – The Trustee is not obliged to act in certain circumstances*”.

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

The transaction is not intended to involve the retention by a sponsor of at least five per cent. of the credit risk of the securitised assets for the purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the “**U.S. Risk Retention Rules**”). Instead, for these purposes, the intention is to rely on an exemption for certain non-U.S. transactions provided for in Section \_\_ 20 of the U.S. Risk Retention Rules. Therefore, in order to ensure that the transaction falls within this exemption, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any “U.S. person” (as defined in the U.S. Risk Retention Rules) unless such persons have obtained a U.S. Risk Retention Waiver from the Retention Holders. See “*Some Important Legal and Regulatory Considerations – U.S. Risk Retention Rules*”.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this document generally for the purposes of complying with the Securitisation Regulation and none of the Issuer, the Sellers, Funding Circle, FCTL, the Retention Holders, the Reporting Agent, the Subordinated Loan Providers, the Trustee, the Arranger nor the Joint Lead Managers makes any representation that the information described above or in this document is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the Securitisation Regulation in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

### **Credit Rating Agency Regulation**

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

For further information please refer to the section entitled “*Some Important Legal and Regulatory Considerations – Regulatory Initiatives*”.

### WEIGHTED AVERAGE LIFE OF THE NOTES

The average lives of the Notes cannot be stated, as the actual rate of repayment of the Purchased Loan Receivables and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions. For example, based on the assumptions that:

- (a) the Purchased Loan Receivables would be subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 25 *per cent. per annum* as shown on the table below;
- (b) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (c) *pro-rata* amortisation of the notes up to the date on which the aggregate of the Net Principal Amount Outstanding of each Class of Notes (other than the Class X Notes) prior to payment being made on the immediately following Note Payment Date is equal to or less than 60 *per cent.* of the Principal Amount Outstanding of all of the Notes (other than the Class X Notes) as at the Closing Date;
- (d) no other Sequential Amortisation Trigger Events occurring;
- (e) neither Funding Circle (in its capacity as the Servicing and Collection Agent or as a Retention Holder) nor Glencar XI (in its capacity as a Retention Holder) is required to purchase or make a payment with respect to any Affected Loan in accordance with the Receivables Sale and Assignment Agreement;
- (f) the Security is not enforced;
- (g) the Purchased Loan Receivables would be fully performing;
- (h) the ratio of the Principal Amount Outstanding of:
  - (i) the Class A Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 66.00 *per cent.*;
  - (ii) the Class B Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 3.00 *per cent.*;
  - (iii) the Class C Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 9.00 *per cent.*;
  - (iv) the Class D Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 10.50 *per cent.*;
  - (v) the Class E Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 6.50 *per cent.*;
  - (vi) the Class X Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 5.00 *per cent.*; and
  - (vii) the Class Z Notes to the Principal Amount Outstanding of the Notes as at the Closing Date is 5.00 *per cent.*;
- (i) Compounded Daily SONIA remains at a rate of 0.75 *per cent.*, for so long as any Notes are outstanding;
- (j) the Notes are issued on or about 27 November 2019. The weighted average life on the Notes is calculated using actual/365 day count convention;
- (k) amounts credited to the Issuer Accounts have a yield of 0 *per cent.*;
- (l) the Principal Proceeds of the Provisional Loan Portfolio are calculated based on the individual amortisation schedule of each Loan, which takes into account the loan's repayment type, interest rate on the cut-off date and remaining term and by using actual/365 day count convention (or 366 days in the case of a leap year);
- (m) prior to the date on which the Clean Up Call is exercised, the Class X Notes have been redeemed in full through payments made via the Pre-Acceleration Interest Priority of Payments; and

(n) all Note Payment Dates occur on the 15<sup>th</sup> day of the month and are not adjusted for non-Business Days.

**With Clean Up Call**

<b>WAL</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>5%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>20%</b>	<b>25%</b>
A	2.01	1.96	1.93	1.80	1.71	1.64	1.58	1.40	1.30
B	2.62	2.59	2.55	2.46	2.36	2.30	2.25	2.01	1.89
C	2.64	2.60	2.57	2.46	2.38	2.32	2.27	2.02	1.90
D	2.64	2.60	2.57	2.46	2.38	2.32	2.27	2.02	1.90
E	2.64	2.60	2.57	2.46	2.38	2.32	2.27	2.02	1.90
Z	2.64	2.60	2.57	2.46	2.38	2.32	2.27	2.02	1.90

**No Clean Up Call**

<b>WAL</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>5%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>20%</b>	<b>25%</b>
A	2.01	1.96	1.93	1.80	1.71	1.64	1.58	1.40	1.30
B	2.62	2.59	2.55	2.46	2.36	2.30	2.25	2.02	1.90
C	2.74	2.72	2.67	2.59	2.49	2.44	2.39	2.18	2.06
D	2.93	2.92	2.88	2.82	2.74	2.69	2.66	2.46	2.35
E	3.10	3.10	3.06	3.03	2.96	2.94	2.92	2.77	2.68
Z	3.21	3.23	3.18	3.17	3.12	3.12	3.12	3.02	2.96

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see the section entitled “*Risk Factors – Risks related to the Notes – Yield and prepayment considerations*” above.

## **USE OF PROCEEDS**

The Issuer will issue the Notes on the Closing Date. The Issuer will apply the net proceeds from the issue of the Notes to pay the Purchase Price to the Sellers in respect of the Loan Portfolio pursuant to the Receivables Sale and Assignment Agreement.

In addition, the Issuer will, on the Closing Date, make a drawing under the Subordinated Loan Agreement entered into with Funding Circle and Glencar XI as Subordinated Loan Providers. The Issuer will apply the proceeds of the Subordinated Loans, among other items, as follows: (i) to make a deposit in an amount equal to the Cash Reserve Required Amount into the Cash Reserve Account; (ii) to make a deposit in an amount equal to the Liquidity Reserve Required Amount into the Liquidity Reserve Account; (iii) to purchase the Interest Rate Cap on the Closing Date; and (iv) to pay any amount of Purchase Price in respect of the Loan Portfolio not paid by the net proceeds from the issue of the Notes (see further "*Certain Transaction Documents – Receivables Sale and Assignment Agreement – Sale of the Loan Portfolio*").

## THE ISSUER

### Introduction

The Issuer was incorporated and registered in Ireland (under company registration number 655533) as a designated activity company limited by shares, that is to say a private company limited by shares, registered under Part 16 of the Companies Act on 21 August 2019.

The registered office of the Issuer is at 1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland. The authorised share capital of the Issuer is EUR 100,000,000 divided into 100,000,000 ordinary shares of EUR 1.00 each (the “**Shares**”). The Issuer has issued 1 Share. The issued Share is held by Intertrust Nominees (Ireland) Limited (the “**Share Trustee**”), on trust for charitable purposes. The Share Trustee has, *inter alia*, undertaken not to exercise its voting rights to wind up the Issuer unless and until it has received written confirmation from the directors of the Issuer that the Issuer does not intend to carry on further business. The Issuer has been established as a special purpose company for the principal purpose of acquiring the Loan Portfolio and issuing the Notes. The Issuer has no subsidiaries. The telephone number of the Issuer is +353 01 6686 152.

Intertrust Management Ireland Limited (the “**Corporate Services Provider**”), acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the registered office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on or around the Closing Date between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider provides certain corporate administration services to the Issuer until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 3 months written notice to the other party. The Corporate Services Provider’s registered office is at 1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland.

The Issuer has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

Neither Funding Circle, the Sellers, the Reporting Agent, the Retention Holders nor any associated body of thereof owns directly or indirectly any of the share capital of the Share Trustees or the Issuer.

The Issuer has not commenced operations and has not engaged, since its incorporation, and will not engage in any material activities other than those incidental to its incorporation under the Companies Act, authorisation and issue of the Notes, the matters referred to or contemplated in this document and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing.

As at the date of this document, the Issuer has prepared no financial statements. It intends to publish its first financial statements in respect of the period ending on 31 December 2020. The Issuer will not prepare interim financial statements. The auditors of the Issuer are expected to be Deloitte Ireland LLP, of 29 Earlsfort Terrace, Dublin 2, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practise as auditors in Ireland.

**Directors**

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

<b>Name</b>	<b>Address</b>	<b>Principal Activities</b>
Brid McNamara	1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland	Director
David Dunne	1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland	Director

The company secretary of the Issuer is Intertrust Management Ireland Limited.

**Activities**

On the Closing Date, the Issuer will acquire from the Sellers the Loan Portfolio. All Purchased Loan Receivables acquired by the Issuer on such date will be financed by the proceeds of the issue of the Notes. The activities of the Issuer will be restricted by the Conditions, the Charge and Assignment and the Trust Deed and will be limited to the issue of the Notes, the ownership of the Loan Portfolio and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include appointing agents in connection with the collection of payments of principal and interest from Funding Circle Borrowers in respect of Purchased Loan Receivables and the operation of arrears procedures.

Except for the Interest Rate Cap, the Issuer will not enter into derivative contracts for the purposes of article 21(2) of the Securitisation Regulation

**THE SELLERS**

*Great Trinity Lending 1 Designated Activity Company*

GREAT TRINITY LENDING 1 DESIGNATED ACTIVITY COMPANY, a designated activity company limited by shares and incorporated under the laws of Ireland with company registration number 649463 acting through its office at 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. Incorporated 7 May 2019.

*Glencar Investments XI Designated Activity Company*

Glencar XI is a designated activity company limited by shares, incorporated on 15 February 2017 under the laws of Ireland with company registration number 598595. Its registered office is at 32 Molesworth Street, Ireland. The issued share capital of Glencar XI is held by MaplesFS Trustees Ireland Limited on trust for charitable purposes.



## **THE RETENTION HOLDERS, SUBORDINATED LOAN PROVIDERS AND REPORTING AGENT**

### *Funding Circle Ltd*

Funding Circle Ltd (“**Funding Circle**”) was incorporated as a private limited liability company in England and Wales on 21 July 2009 with registered number 06968588 and is authorised and regulated by the Financial Conduct Authority with firm registration number 722513. Its registered office is at 71 Queen Victoria Street, London, EC4V 4AY. Funding Circle Ltd is wholly owned by Funding Circle Holdings plc (“**FCH**”). Funding Circle operates an online SME lending platform and acts as servicer for loans originated through the platform in the United Kingdom.

On 7 May 2019, Funding Circle incorporated Great Trinity Lending 1 Designated Activity Company (“**Great Trinity**”) for the sole purpose of originating loans on the Funding Circle Platform. The Great Trinity Origination Agreement was entered into between, among others, Great Trinity and Funding Circle on 7 June 2019 pursuant to which Funding Circle partially funded loans as subordinated lender. Funding Circle was therefore directly exposed to the economic risk in the Great Trinity Purchased Loan Receivables from the date of origination of Great Trinity Purchased Loan Receivables to the sale to the Issuer on the Closing Date.

The Transaction will be the fifth securitisation of Funding Circle loans in the United Kingdom, and the first where Funding Circle will act as a Retention Holder, a Subordinated Loan Provider and Reporting Agent.

Funding Circle operates “whole loan” and “partial loan” marketplaces on the Funding Circle Platform in the United Kingdom. Funding Circle manages the ongoing loan monitoring and servicing for all loans originated through the Funding Circle Platform on behalf of a variety of investors, including individuals (partial loan marketplace only), and accredited investors, government bodies and institutional investors which invest via the Funding Circle Platform directly and through private and public securitisation and other funding structures. For more information regarding Funding Circle’s business model, origination and credit assessment, and servicing and collections processes, please see *The Servicing and Collection Agent and the Funding Circle Platform* below.

Funding Circle is part of the Funding Circle Group, which is a global SME lending platform. A number of the board of directors of Funding Circle are also directors of FCH. The board of directors, alongside the Funding Circle Group’s global leadership team, provide relevant experience to enable Funding Circle to pursue its established business strategy. Funding Circle operates a “Three Lines of Defence” risk management model with the first line owning and managing risks, the second line (risk and compliance) providing oversight and challenge as well as compliance reviews and controls testing and the third line (internal audit function), which is, at the time of this Prospectus, outsourced to an independent third-party audit firm.

### *Glencar Investments XI Designated Activity Company*

Glencar XI is a designated activity company limited by shares, incorporated on 15 February 2017 under the laws of Ireland with company registration number 598595. Its registered office is at 32 Molesworth Street, Ireland. The issued share capital of Glencar XI is held by MaplesFS Trustees Ireland Limited on trust for charitable purposes.

The principal activities of the Glencar XI are the origination and acquisition of financial assets (including SME loans and consumer loans and securities backed by such loans), the issuance of financial instruments and the entering into of other legally binding arrangements. The Retention Notes to be held by Glencar XI represent a portion of the wider pool of assets held by Glencar XI.

Glencar XI is funded in part by retained earnings on its assets and in part by the proceeds of the issuance of profit participating notes to WF 21, LLC, a Delaware limited liability company whose registered office is 2711 Centreville Road, Suite 400, Wilmington, DE 19808, U.S.A.

At least two of the directors of Glencar XI have, at a personal level, in excess of 5 years’ professional experience in the origination of exposures similar to those securitised under the Transaction. The investment committee of Glencar XI, which is responsible for managing Glencar XI’s origination of exposures similar to those securitised under this Transaction, is comprised of individuals who each have, at a personal level, in excess of 5 years’ professional experience in the origination of exposures similar to those securitised under the Transaction.

The policies and procedures of Glencar XI in regard to granting of credit, administration of credit risk bearing portfolios and risk mitigation broadly include (without limitation) the following:

*The Retention Holder, Subordinated Loan Provider and Reporting Agent*

- (a) investment policies and procedures for agreeing to minimum required credit and credit assessment criteria or standards for any investment in loans or loan portfolios;
- (b) systems in place to administer and monitor various credit risk bearing portfolios and exposures;
- (c) diversification of credit portfolios taking into account its target market and overall credit strategy (as to which, in relation to the Loan Portfolio, please see the section entitled “*The Loan Portfolio – Loan Portfolio Selection*”); and
- (d) a risk management policy that includes risk management processes and portfolio monitoring tools.

## **THE SERVICING AND COLLECTION AGENT AND THE FUNDING CIRCLE PLATFORM**

### **About Funding Circle**

Funding Circle Holdings plc (LSE: FCH) is a global SME loans platform, connecting SMEs who want to borrow with investors who want to lend in the UK, US, Germany and the Netherlands. Since launching in 2010, investors across the Funding Circle geographies - including more than 90,000 retail investors, banks, asset management companies, insurance companies, government-backed entities and funds - have lent more than £7.5 billion to over 70,000 businesses globally. Funding Circle Holdings plc is a member of the FTSE4Good Index.

Funding Circle Ltd (“**Funding Circle**”) was incorporated as a private limited liability company in England and Wales on 21 July 2009 with registered number 06968588 and is authorised and regulated by the Financial Conduct Authority with firm registration number 722513. Funding Circle is not covered by the Financial Services Compensation Scheme. Its registered office is at 71 Queen Victoria Street, London, EC4V 4AY. Funding Circle Ltd is wholly owned by Funding Circle Holdings plc.

### **The Funding Circle Model**

Funding Circle operates a lending platform focused on small businesses which allows retail and accredited investors, government bodies and institutional investors to lend directly to small businesses. Funding Circle also manages the ongoing loan monitoring and servicing for loans originated through the Funding Circle Platform.

Funding Circle uses direct channels and indirect or intermediary channels for loan originations. Direct marketing channels include digital marketing (such as paid search, social media and display); “above the line” marketing (including television and radio) advertising and promotion, as well as targeted e-mails and traditional direct mail campaigns. Funding Circle also uses, to a lesser extent, indirect or intermediary channels for loan origination, primarily comprising referral partners and brokers.

Funding Circle generates revenue in two primary ways: (i) a transaction fee typically ranging between one and six per cent. of the original principal balance of the loan, that is deducted from the loan proceeds paid to the Funding Circle Borrower, and (ii) an ongoing servicing fee (typically one per cent. per annum), calculated monthly on each loan as a percentage of the outstanding principal balance of the loan. Funding Circle may from time to time change the amount and manner of collection of the origination and loan servicing fees on new loans. Funding Circle retains all of the origination and servicing fees for its own account.

Funding Circle has been facilitating the origination of Loan Receivables of a similar nature to those securitised under this Transaction since 2010, and servicing loans since February 2014. Since its founding in 2010 to 30 June 2019, Funding Circle has facilitated approximately £5,400,000,000 in loans to over 50,000 SMEs in the UK. Investors include retail investors, banks, asset management companies, insurance companies, government-backed entities and funds, a number of UK county councils, high net worth individuals and family offices. This Transaction will be the fifth securitisation of loans originated through the Funding Circle online lending platform in the UK.

Funding Circle operates “whole loan” and “partial loan” marketplaces in the United Kingdom. Loans qualifying for inclusion on the marketplace after completion of Funding Circle’s credit process are allocated by Funding Circle between the whole loan and partial marketplaces – the weights between each are controlled by Funding Circle but the allocation is random on a loan by loan basis, using a fully automated model. Investors on the partial loan marketplace are primarily and predominantly retail individuals, but may also include certain institutional investors, UK government entities and a number of UK county councils. Institutional investors may fund or acquire whole loans originated through the marketplace by entering into one of a variety of origination arrangements with Funding Circle. These arrangements are largely passive, such that an institutional investor will be obligated to acquire, on a future flow basis, whole loans which meet certain pre-agreed eligibility criteria and concentration limits.

### **The Funding Circle Platform – Origination and Credit Assessment**

#### *Credit Assessment Process*

Potential borrowers are sourced by Funding Circle through a variety of channels, from direct methods such as traditional post or email, digital advertising and social media, to indirect methods such as referrals from partner banks or brokers. Methods and messaging are refined and monitored from time to time to ensure these initial interactions of potential borrowers with Funding Circle are relevant to borrowers' needs and characteristics.

Funding Circle's credit assessment processes comprise a combination of proprietary and automated, data-driven assessment, as well as manual assessment. Funding Circle's credit models draw data from a range of different external sources covering tens of thousands of consumer and corporate raw and hybrid factors that cover areas such as firmographics, company credit history, company financials and directors' and/or personal guarantors' credit history. Some of this data is pulled automatically from credit bureau providers. Others come from specific information requested from potential borrowers. An application can be declined at any point in this process. The following is an overview of the steps involved.

#### *Eligibility Check and First Model Application*

Potential borrowers must first complete an online application, setting out information on the borrower, its business and the loan being requested. An initial check is made against publicly available information to ensure the company has a minimum trading history of two years and is actively trading. Should the eligibility criteria be met, additional data relating to the borrower is gathered and Funding Circle applies its credit scoring methodology to further evaluate the loan application. Analysis at this stage combines the relevant application information provided by the borrower as well as information obtained from Companies House, commercial and consumer credit bureaus, in addition to Funding Circle databases if the borrower is an existing Funding Circle customer. Certain specific factors that are taken into consideration by Funding Circle's credit analysis are outlined under "Credit Evaluation Process" below. At this stage borrowers are either declined (based on their credit score or policy rules) or invited to continue with the application.

#### *Review by Borrower Team*

Applications which pass the initial model stage will then be allocated to Funding Circle's borrower team, who will engage with the potential borrower and guide them through the next stages of the application process. At this stage, further data and documentation may be gathered and additional checks on eligibility made. There may not be suitable publicly available information relating to prospective borrowers and their primary business owner(s) and, consequently, the role of the borrower team in obtaining non-public information from applicants and their primary business owner(s) is crucial to the application process.

#### *Application of the Secondary Risk models and Risk Band Assignment*

A series of secondary risk models will be run to determine the applicant's risk band and the nature and extent of the manual assessment required. These models may be supplemented by information captured earlier in the process by incorporating data from documents submitted by the borrower (such as latest financial information and bank statements) to make the final assessment of the borrower's credit risk and ability to service the loan. At this stage further applicants may be rejected based on their credit score.

The risk band of a potential loan will correspond to an estimated annualised loss rate, as set out in the table below, derived from the probability of default as assessed by the credit model and is used to derive the corresponding gross annual interest rate to be paid by the borrower:

<b>Risk Band</b>	<b>Estimated Annualised Loss Rate</b>
A+	0.6% +/- 20bps
A	1.5% +/- 50bps
B	2.3% +/- 50bps
C	3.3% +/- 70bps
D	5.0% +/- 100bps
E	8.0% +/- 100bps

Risk bands do not amount to any form of recommendation or guarantee by Funding Circle as to the amount of payments that the potential Funding Circle loan investor will actually receive or the likelihood of payment defaults occurring on a particular potential loan.

### *Manual Assessment*

Applications which have passed all of the previous stages will then undergo a manual assessment of each application as the final stage in the Funding Circle credit assessment process, including verification and final review to ensure adherence to Funding Circle's credit policy. At this stage, there may be further review and verification of information through requests for additional documentation from the borrower as well as validation of security taken in connection with the loan application, if any. This may result in a decision to reduce (or increase) the loan amount to be offered or to reject the application outright. The manual assessment will also apply certain additional criteria, including consideration of trading or operating history, the directorship's record at other companies and the sector in which the borrower operates (noting that Funding Circle may not or does not intermediate Loans to borrowers engaged in specific prohibited sectors).

Funding Circle's credit team assessors have delegated authority to approve loans up to certain loan size thresholds. Depending on the loan amount, those delegated authorities require counter-approval by another assessor.

### *Credit Evaluation Process*

Funding Circle's credit models currently draw data from a variety of external sources that broadly cover the following key areas:

- company firmographics;
- company credit history;
- directors' and/or personal guarantors' credit history;
- financial ratios;
- scores from credit bureaux; and
- bank cash flow information.

In addition, specific policy decline rules are in place, including those relating to prior or active County Court Judgements and insolvencies in prior directorships.

Funding Circle operates using a balanced mix of statistical models, policy rules and manual credit assessments. Between June and July 2018, Funding Circle implemented a tightening of its credit evaluation process. This included a recalibration of credit models and the introduction of a new eligibility criteria based on the consumer bureau score of personal guarantors. In October 2018 a full new suite of models was introduced, including a model based on bank transaction data. There was also further tightening of cut-offs levels, resulting in an increase in the auto-decline population. In March 2019, signs of macro-economic volatility resulted in the decision to pause origination of E band loans; however, accepted loan applications for E band loans occurring in March 2019 were funded into April 2019. Going forward, Funding Circle models continue to be refined as the loan portfolio grows, enabling further segmentation of the borrower population.

The tightening of the credit evaluation process in June 2018 included the introduction of tighter gauge score on a business' guarantor. This can be observed by comparing the improvement in the distribution of gauge scores between completed applications by borrowers and the gauge score distribution of loans. The data range in the tables below cover the period January 2017 to June 2019, with the tightening visible from June 2018 onwards. Gauge scores are an external credit rating metric used by third party credit reference agencies, based on declared and publically available credit data. Higher gauge scores generally indicate a lower probability of default.

**Gauge score distribution of completed borrower applications**

<b>Month</b>	<b>&lt;546</b>	<b>546-580</b>	<b>580-603</b>	<b>603-626</b>	<b>&gt;626</b>	<b>NA</b>
<b>2017-01</b>	18.6%	18.8%	19.9%	20.7%	18.5%	3.3%
<b>2017-02</b>	19.9%	20.6%	18.8%	19.8%	18.2%	2.8%
<b>2017-03</b>	19.9%	17.9%	20.9%	19.6%	18.3%	3.3%
<b>2017-04</b>	20.9%	20.8%	18.9%	19.2%	16.5%	3.7%
<b>2017-05</b>	20.5%	20.2%	19.3%	18.3%	17.7%	4.1%
<b>2017-06</b>	21.4%	20.2%	18.7%	18.6%	17.9%	3.3%
<b>2017-07</b>	20.7%	21.1%	20.8%	18.2%	16.5%	2.7%
<b>2017-08</b>	20.5%	20.2%	19.9%	18.4%	17.4%	3.5%
<b>2017-09</b>	19.1%	20.0%	20.2%	20.0%	18.0%	2.7%
<b>2017-10</b>	20.1%	20.7%	18.1%	19.3%	18.0%	3.7%
<b>2017-11</b>	19.1%	20.1%	19.4%	20.2%	18.3%	3.0%
<b>2017-12</b>	21.4%	19.9%	19.8%	17.9%	18.0%	3.0%
<b>2018-01</b>	19.6%	18.7%	20.1%	19.6%	19.4%	2.6%
<b>2018-02</b>	19.2%	18.9%	19.1%	20.2%	19.3%	3.3%
<b>2018-03</b>	20.2%	19.6%	19.2%	19.1%	18.9%	3.1%
<b>2018-04</b>	20.7%	19.8%	20.3%	19.2%	17.2%	2.8%
<b>2018-05</b>	20.9%	20.0%	18.0%	19.6%	18.6%	2.9%
<b>2018-06</b>	19.9%	19.5%	19.1%	19.4%	18.8%	3.2%
<b>2018-07</b>	18.6%	18.9%	20.2%	19.2%	20.2%	2.9%
<b>2018-08</b>	19.0%	19.7%	19.4%	19.7%	19.8%	2.5%
<b>2018-09</b>	17.6%	19.5%	19.8%	19.5%	20.8%	2.8%
<b>2018-10</b>	16.8%	18.5%	20.1%	20.2%	21.6%	2.9%
<b>2018-11</b>	17.3%	19.3%	19.0%	21.1%	20.7%	2.6%
<b>2018-12</b>	17.6%	20.0%	19.6%	20.9%	19.8%	2.1%
<b>2019-01</b>	15.4%	18.2%	20.7%	20.5%	21.0%	4.1%
<b>2019-02</b>	16.2%	18.5%	19.3%	21.1%	22.5%	2.5%
<b>2019-03</b>	16.0%	17.9%	20.0%	21.2%	22.1%	2.9%
<b>2019-04</b>	17.8%	19.7%	19.8%	19.0%	20.4%	3.2%
<b>2019-05</b>	16.7%	18.8%	19.9%	20.8%	21.0%	2.8%
<b>2019-06</b>	16.1%	19.4%	19.3%	21.3%	21.0%	2.9%

**Gauge score distribution of loans**

Month	<546	546-580	580-603	603-626	>626	NA
2017-01	9.6%	19.8%	24.9%	25.7%	19.9%	0.2%
2017-02	9.2%	20.5%	22.6%	27.6%	19.9%	0.1%
2017-03	11.5%	18.5%	24.5%	23.4%	21.7%	0.4%
2017-04	12.0%	21.2%	25.1%	22.9%	18.8%	0.0%
2017-05	11.3%	19.6%	24.7%	24.5%	19.8%	0.1%
2017-06	12.3%	20.8%	22.7%	24.1%	19.8%	0.3%
2017-07	12.1%	22.5%	23.8%	23.6%	17.8%	0.1%
2017-08	12.8%	22.7%	25.8%	22.1%	16.5%	0.1%
2017-09	13.5%	23.2%	23.9%	21.3%	18.1%	0.1%
2017-10	13.4%	22.0%	22.1%	23.0%	18.6%	0.8%
2017-11	12.3%	22.8%	23.3%	23.7%	17.8%	0.1%
2017-12	13.1%	19.8%	22.5%	23.8%	20.5%	0.3%
2018-01	12.6%	19.0%	24.8%	24.6%	19.0%	0.1%
2018-02	11.4%	21.0%	22.3%	23.9%	21.2%	0.2%
2018-03	12.4%	20.8%	23.2%	23.4%	20.2%	0.0%
2018-04	12.8%	19.9%	23.6%	24.0%	19.6%	0.1%
2018-05	13.5%	19.7%	23.4%	23.1%	20.4%	0.0%
2018-06	7.6%	22.1%	23.7%	25.1%	21.5%	0.1%
2018-07	5.2%	20.3%	25.6%	24.9%	24.0%	0.0%
2018-08	6.3%	19.8%	22.6%	27.0%	24.2%	0.0%
2018-09	4.9%	20.5%	25.5%	26.0%	23.1%	0.0%
2018-10	5.0%	19.6%	26.1%	24.9%	24.3%	0.0%
2018-11	3.6%	17.9%	26.2%	26.7%	25.6%	0.0%
2018-12	3.6%	17.6%	23.7%	28.4%	26.7%	0.0%
2019-01	4.4%	16.6%	25.2%	28.0%	25.8%	0.0%
2019-02	4.3%	17.3%	25.2%	27.3%	25.8%	0.2%
2019-03	3.3%	16.1%	25.2%	29.0%	26.3%	0.1%
2019-04	2.1%	15.7%	25.0%	27.8%	29.3%	0.1%
2019-05	2.2%	14.9%	24.4%	29.3%	29.1%	0.1%
2019-06	2.7%	16.0%	21.2%	29.8%	30.2%	0.0%

Further evidence of the tightening of the credit evaluation process in June 2018 can be observed in the below table which shows the reduction in the number of borrowers who have a maximum bureau credit score and companies which are less than 3 years old.

**Exposure to the highest risk segments as a percentage of originations:**

	2017	2018 H1	18-Q3	18-Q4	19-Q1	19-Q2
Max Bureau Consumer score < 540	5.1%	5.2%	4.6%	3.1%	3.1%	2.5%
Companies less than 3 years old	3.7%	3.6%	1.6%	0.9%	0.9%	0.6%
Both	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%

## *The Servicing and Collection Agent and the Funding Circle Platform*

In October 2018 a full new suite of models was introduced, including a model based on bank transaction data. The risk bands were re-calibrated (as shown in the table below) in line with the risk tightening actions, with 13% and 20% of previously-accepted high risk loans being rejected by the new model by October 2018 and April 2019 respectively. The percentages show the distribution across the different risk bands of loans originated. The below analysis is based on loans booked since H1 2018 (based on units booked) and reran using the aforementioned new risk model.

	<b>Pre Gen 7, H1 2018</b>	<b>Gen 7, October 2018</b>	<b>H1 April 2019</b>
<b>A</b>	28.0%	29.0%	33.6%
<b>A+</b>	12.0%	8.8%	8.8%
<b>B</b>	20.0%	21.0%	20.8%
<b>C</b>	17.0%	10.0%	10.4%
<b>D</b>	14.0%	9.0%	6.4%
<b>E</b>	9.0%	9.0%	0.0%
<b>Rejected</b>	0.0%	13.0%	20.0%

### *Security*

Personal Guarantees are generally required where the Funding Circle Borrower is a limited company but generally the Purchased Loan Receivables do not have the benefit of any other Security Interest unless the value of the relevant Purchased Loan Receivable exceeds certain thresholds. In addition, in certain limited circumstances Funding Circle may agree to release or substitute a Guarantor in respect of a Personal Guarantee, in accordance with the Funding Circle Policies.

### *Funding Circle Lending Policy*

Each Loan has been approved by Funding Circle in accordance with the Funding Circle Lending Policy applicable as at the time of approval. Under the Funding Circle Lending Policy, Funding Circle will allocate a Risk Band to each Funding Circle Borrower. The Sellers relied on the Risk Band and certain other criteria and information when they determined whether the Eligibility Criteria were satisfied in respect of the Purchased Loan Receivables as at their respective Determination Dates or at the time otherwise indicated.

In accordance with the Funding Circle Warranties, the Loan Receivables to be sold to the Issuer on the Closing Date were required to be originated in all material respects in accordance with the Funding Circle Standard Documentation and the Funding Circle Lending Policy applicable at the time each relevant Loan was approved.

### *Risk Band*

The Risk Band is a letter grade that represents an estimate of the level of default risk associated with a prospective Funding Circle Borrower as determined by an algorithmic process devised using logistic regression of multiple factors and the performance of previously accepted and rejected loans on the Funding Circle Platform.

### *Funding Circle Terms and Conditions*

In order to participate on the Funding Circle Platform, either as borrower or investor, a person must agree to the applicable Funding Circle Terms and Conditions. The Issuer will agree to the Funding Circle Terms and Conditions for Investors, as modified by the Funding Circle Mandate Letter. Each Funding Circle Borrower has agreed to the Funding Circle Terms and Conditions for Borrowers.

### *Related Security*



Purchased Loan Receivables benefit (where the relevant Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) from a Personal Guarantee granted to one or more of the Security Holders by an owner or director of such Funding Circle Borrower, but are otherwise generally unsecured. In limited circumstances, a Purchased Loan Receivable may also benefit from one or more of the following Security Interests: (i) Security Interests that have been, or may be, provided by the relevant Funding Circle Borrower and/or the relevant Guarantor to or for the benefit of Funding Circle or FCTL (as a Security Holder) where it has experienced financial difficulty or which it has provided or may provide during any enforcement process in respect of such Purchased Loan Receivable; and (ii) Security Interests which have been or may be granted to FCTL (as Security Holder) by the relevant Funding Circle Borrower and/or Guarantor in connection with another Loan Receivable of such Funding Circle Borrower, which secures (among other things) the Purchased Loan Receivable, in each case which will be held on trust pursuant to the Security Declaration of Trust by FCTL for itself and for the Funding Circle Investors entitled thereto (such Security Interests, together with any Personal Guarantee, form part of the Related Security).

The Security Holders hold the benefit of the Related Security granted in relation to each Purchased Loan Receivable for themselves and certain Funding Circle Investors to such Funding Circle Borrower in accordance with the Funding Circle Terms and Conditions for Investors (as may be amended from time to time). The Security Holders will declare a trust over all Related Security expressed to benefit any Purchased Loan Receivable or a Related Security Agreement relating to such Purchased Loan Receivable for the benefit of all persons entitled thereto in accordance with the Funding Circle Terms and Conditions for Investors.

#### *Funding Circle Borrowers*

Pursuant to the Funding Circle Terms and Conditions for Borrowers, each Funding Circle Borrower must meet certain criteria, including, *inter alia*:

- (a) the business must be actively trading (not dormant) as a business, and have actively traded (not been dormant at any time) for at least two years;
- (b) the business must have a valid UK bank or building society account to facilitate repayments to investors;
- (c) if the business trades through an LLP or a limited company it must be registered with Companies House and must have filed accounts at Companies House for the previous financial year;
- (d) if the business is a sole trader it must be resident in the UK (excluding the Channel Islands and Isle of Man);
- (e) if the business is a partnership or LLP it must, unless Funding Circle agrees otherwise, have a permanent place of business in the UK (excluding the Channel Islands and Isle of Man);
- (f) if the business is a partnership, LLP or limited company, unless Funding Circle agrees otherwise: (i) at least 50 *per cent.* of the shareholders or partners of the business must be permanent residents of the UK (excluding the Channel Islands and Isle of Man); and (ii) its centre of main interests must be in the UK (excluding the Channel Islands and Isle of Man);
- (g) the business, its directors, members, partners or proprietors must meet minimum credit and fraud risk criteria; and
- (h) the business must not have any county court judgments incurred within the prior twelve months, nor (i) with respect to Funding Circle Borrowers approved for loan applications by Funding Circle on the Funding Circle Platform prior to August 2017 any outstanding county court judgments of more than £250.00, or, (ii) with respect to Funding Circle Borrowers approved for loan applications by Funding Circle on the Funding Circle Platform in or after August 2017 the business must not have any outstanding county court judgments of more than £1,000.00; save that, Funding Circle reserves the right to list businesses as such borrowers from time to time and on a case by case basis if it considers it reasonable to do so, and subject to formal approval by the Global Head of Credit Quality UK Chief Risk Officer.

#### **Arrears and Default Procedures**

Funding Circle manages the ongoing loan monitoring and servicing for loans originated on the Funding Circle marketplace.

The Servicing, Collections and Recoveries (“**SCR**”) team deals with Funding Circle Borrowers who are in arrears, Funding Circle Borrowers and/or Guarantors who have defaulted and/or who have breached their loan conditions. The SCR team sits within Funding Circle Ltd and provides services to Funding Circle Ltd, FCTL, Funding Circle Property Finance Limited (“**FCPFL**”) and Funding Circle Asset Finance Limited (together with FCTL, FCPFL, the “**Funding Circle Security Holders**”).

The team is divided into four sub-teams: (i) Business Support, (ii) Collections, (iii) Recoveries and (iv) Recoveries Litigation. The Collections team is generally responsible for loans in arrears in the 0-90 day period, whilst the Recoveries and Recoveries Litigation teams are generally responsible for dealing with defaulted borrowers.

#### *Arrears*

The SCR team uses a number of online and manual tools to track and monitor all late and defaulted loans and borrowers on a daily basis (excluding weekends). This helps them with assessments for work allocation, strategic planning, regulation of systems and controls, and for FCA compliance. Online tools and internal processes also enable the team to identify issues which may affect borrowers and their ability to repay a loan, to monitor loans for updating the trackers, and to help the team prepare for direct contact with the Funding Circle Borrower through telephone, SMS, email or letter. The SCR team also uses a number of external agents for support and assistance for insolvency related appointments, legal support, tracing and service of process and for court enforcement.

The SCR team does not carry out any “loan modifications”, which would make a loan in arrears appear to be fully performing.

If any Funding Circle Borrower misses a payment or only partially pays, the SCR team (itself or through an agent acting on its behalf) will seek contact with the Funding Circle Borrower to inform it that the SCR team will re-attempt to collect the outstanding payment. If the shortfall is not collected within five working days after the payment was due, the Funding Circle Borrower’s account will be treated as an overdue account. Collections activity will normally continue at various intensities until the loan becomes 91 days overdue, at which point the loan will normally be placed into default.

The SCR team gives borrowers notice before filing a default on a credit reference file and this is within the default notice.

#### *Default*

The SCR team will normally place a loan into default when it becomes over 90 days in arrears, but it may extend this in limited circumstances and subject to ratification at a meeting of Funding Circle’s Credit Risk Management Committee. Also, a loan may be defaulted before it becomes 91 days overdue, if the SCR team believes it is necessary to protect the interests of investors or otherwise as required in Funding Circle’s terms and conditions.

A Funding Circle Borrower entering administration or liquidation does not automatically mean that the loan will be defaulted, provided that payments due thereunder are not in arrears. However, if such loan subsequently becomes more than 90 days late, then the loan will be defaulted.

The defaulted loan will be assigned to one of the Funding Circle Security Holders and the loan will be terminated on the same day as the default notice is sent to the Funding Circle Borrower. The Funding Circle Security Holder will then investigate the amount of debt that is likely to be successfully recovered and, if appropriate, the in-house Recoveries Litigation team will commence court proceedings to recover the debt (with the assistance of external solicitors if required).

The team may also use external third parties to assist with the debt collection process, including field agents, tracing agents, insolvency practitioners, turnaround experts, debt collection agencies and law firms.

#### *Write-offs*

Funding Circle will write-off outstanding interest and/or principal of a loan where a formal insolvency or enforcement processes have been completed with less than full recovery; where it is bound to reduce our receivable under a voluntary arrangement or court order; or, in very exceptional circumstances (such as for certain vulnerable persons), or (rarely) where Funding Circle reaches a commercially reasonable settlement with a Guarantor, subject always to approval by the Head of SCR.

**FUNDING CIRCLE TRUSTEE LIMITED**

FCTL was incorporated as a private limited liability company in England and Wales on 29 April 2010 with registered number 07239092. Its registered office is at 71 Queen Victoria Street, London, EC4V 4AY. FCTL is wholly owned by Funding Circle Ltd.

FCTL holds security as Security Holder on behalf of each Funding Circle Investor in respect of all secured Loans other than property finance loans. When a secured Loan defaults, it is assigned to FCTL, which (if necessary) will take steps to enforce the security in respect of such Loan. Similarly, when an unsecured Loan defaults, it is assigned to FCTL, which will take steps to seek recoveries in respect of such Loan including any litigation, enforcement and recovery action, and (where the Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) under any related Personal Guarantee. FCTL holds the legal interest in the Loan on trust on behalf of each Funding Circle Investor and the beneficial interest remains with the relevant Funding Circle Investor.

## **THE LOAN PORTFOLIO**

### **Introduction**

Pursuant to the Receivables Sale and Assignment Agreement, each Seller will assign all of its right, title, benefit and interest, in, to and under a portfolio of Loan Receivables as further described below in the section “*Certain Transaction Documents – Receivables Sale and Assignment Agreement – Sale of the Loan Portfolio*”.

On the Loan Portfolio Cut-Off Date the Loan Portfolio is expected to comprise of 2,973 Loan Receivables to 2,970 Funding Circle Borrowers and has an Aggregate Collateral Principal Balance of £250,009,767.82.

### **Origination – Funding Circle Platform**

#### *Great Trinity*

The Great Trinity Origination Agreement was entered into between, among others, Great Trinity and Funding Circle on 7 June 2019. Great Trinity is partially funded by Funding Circle. Pursuant to the Great Trinity Origination Agreement, Funding Circle has agreed to make available to Great Trinity (on a randomised basis) a specified portion of loan applications which have been approved by Funding Circle on the Funding Circle Platform.

The Great Trinity Purchased Loan Receivables were originated in the ordinary course of Great Trinity’s business (in the sole opinion of Great Trinity) pursuant to underwriting standards which are no less stringent than those applied to Loan Receivables which will not be securitised.

The Great Trinity Purchased Loan Receivables in the Loan Portfolio were initially advanced by Great Trinity under the Great Trinity Origination Agreement through the Funding Circle Platform.

#### *Glencar XXVI*

The Glencar XXVI Origination Agreement was entered into between, among others, Glencar XXVI and Funding Circle on 6 December 2018. Pursuant to the Glencar XXVI Origination Agreement, Funding Circle has agreed to make available to Glencar XXVI (on a randomised basis) a specified portion of loan applications which have been approved by Funding Circle on the Funding Circle Platform.

The Glencar XI Purchased Loan Receivables were originated in the ordinary course of Glencar XI’s business (in the sole opinion of Glencar XI) pursuant to underwriting standards which are no less stringent than those applied to Loan Receivables which will not be securitised.

The Glencar XI Purchased Loan Receivables in the Loan Portfolio were initially advanced by Glencar XXVI under the Glencar XXVI Origination Agreement through the Funding Circle Platform. Prior to their sale to the Issuer on the Closing Date, beneficial title in all Glencar XI Purchased Loan Receivables, will be transferred to Glencar XI pursuant to the Glencar XI Forward Sale Agreement (with such transfer taking economic effect as of 8 September 2019).

#### *Types of Repayment Terms*

Each Purchased Loan Receivable is payable in monthly instalments and interest, in respect of the Purchased Loan Receivable, is payable monthly in arrears, with the aggregate of such amounts being equal from month to month. Each Purchased Loan Receivable has its original final maturity date not less than 6 months and not more than 60 months from the date of the original Advance. Prepayment of the whole Loan is permitted at any time without penalty.

#### *Loan amount*

Each Purchased Loan Receivable had a Collateral Principal Balance at the date of its Advance which was equal to or more than £5,000 (if the Funding Circle Borrower is a limited company) and less than or equal to £1,000,000.

### **Loan Portfolio Selection**

On the Loan Portfolio Cut-Off Date, the Loan Portfolio was comprised of 2,973 Loans to 2,970 Funding Circle Borrowers and had an Aggregate Collateral Principal Balance of £250,009,767.82. The Loan Portfolio was selected from a portfolio of Loan Receivables consisting of Loans to (i) companies limited by shares incorporated in the United Kingdom or a limited liability partnership incorporated in the United Kingdom (as evidenced by a search at the Companies Registry, Cardiff), (ii) UK-resident individual sole traders, (iii) partnerships solely comprising UK-resident individual partners, or (iv) partnerships comprising both (A) a number of partners each of whom is an individual and (B) a number of partners each of which is a company limited by shares, where (1) each of the partners who is an individual is a UK resident and (2) each of the partners which is a company limited by shares is incorporated in the United Kingdom (as evidenced by a search conducted at the Companies Registry, Cardiff).

The Loan Portfolio as at the Closing Date will comprise all Loans identified in Schedules 3 (*Glencar XI List of Loans*) and 4 (*Great Trinity List of Loans*) of the Receivables Sale and Assignment Agreement. The characteristics of the Loan Portfolio as at the Closing Date will vary from those set out in the tables below as a result of, among other things, repayments and redemptions of Loan Receivables prior to the Closing Date or Loan Receivables having become ineligible after the Loan Portfolio Cut-Off Date but prior to the Closing Date. The Loan Portfolio is also expected to exclude Loans which are Delinquent Loans or Defaulted Loans as at the Loan Portfolio Cut-Off Date or which have not been subject to at least one scheduled monthly payment by the relevant Borrower by the Closing Date, in respect of which, please see the description of the Seller Asset Warranty (see "*Certain Transaction Documents – Receivables Sale and Assignment Agreement – Seller Asset Warranty*").

The Purchased Loan Receivables comprised in the Loan Portfolio as at the Loan Portfolio Cut-Off Date are homogeneous for the purposes of Article 20(8) of the Securitisation Regulation, on the basis that all such Purchased Loan Receivables: (i) have been underwritten by Funding Circle in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are loans entered into substantially on the terms of similar standard documentation for SME loans; (iii) are serviced by the Servicing and Collection Agent pursuant to the Servicing Agreement in accordance with the same servicing procedures; and (iv) form one asset category and have the same homogeneity factor, namely SME loans to micro-, small- and medium-sized enterprises.

Pursuant to the Receivables Sale and Assignment Agreement, each Purchased Loan Receivable is required to have satisfied (i) the Funding Circle Warranties as at its applicable Determination Date or at the time otherwise indicated and (ii) the Seller Asset Warranty as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable.

### **The Loan Portfolio**

Certain characteristics of the Loan Portfolio set forth below refer to the composition of the Loan Portfolio as at the Loan Portfolio Cut-Off Date and not the Closing Date (unless otherwise specified in respect of the relevant information). The composition of the Loan Portfolio will vary over time due to, *inter alia*, repayment and prepayment under the relevant Loan Receivables and as a result, the characteristics of the Loan Portfolio set forth below are not necessarily indicative of the characteristics of the Loan Portfolio at any subsequent time. In particular, prospective investors should note that the characteristics of the Loan Portfolio at the Closing Date may have changed from those set out in the tables.

#### *Verification of data*

Funding Circle has caused the data set out in this section to be externally verified by an appropriate and independent third party.

Article 22(2) of Regulation (EU) 2017/2402 requires that a sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate. On 12 December 2018 the European Banking Authority issued guidance on the STS criteria for non-ABCP securitisation stating that, for the purposes of complying with Article 22(2) of Regulation (EU) 2017/2402, confirmation that this verification has occurred and that no adverse findings have been found should be disclosed. The Loan Portfolio has been subject to an agreed upon procedures review on a sample of loans selected from the Loan Portfolio conducted by a third-party and completed on or about 22 November 2019 with respect to the Loan Portfolio in existence as of 30 September 2019. This independent third party has also performed agreed upon procedures over (i) the stratification tables disclosed in respect of the underlying exposures and (ii) selected Eligibility Criteria. The third party undertaking the review has reported the factual findings to the parties to the

engagement letter. The Sellers are of the view that no significant adverse findings have been found. The third party undertaking the review only accepts a duty of care to the parties to the engagement letters governing the performance of the agreed upon procedures and to the fullest extent permitted by law shall have no responsibility to anyone else in respect of the work it has performed or the reports it has produced save where terms are expressly agreed.

Funding Circle does not collect information relating to the environmental performance of the Loans in the Loan Portfolio.

In accordance with Article 243 of the CRR, as of the Loan Portfolio Cut-Off Date:

- (a) the aggregate net present value of the largest Funding Circle Borrower in the Loan Portfolio does not exceed 2% of the aggregate net present value of all Purchased Loan Receivables; and
- (b) the Purchased Loan Receivables meet the conditions for being assigned a risk weight equal to or smaller than 100% on an individual Loan Receivable basis.

*Information relating to Loans originated by Funding Circle*

Static and dynamic historical performance data in relation to Loans originated by Funding Circle was made available prior to pricing on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=11833>. Such information will cover the period from 2014 to 2019. The Loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the Loans comprising the Loan Portfolio and, as such, it is expected that the performance of such loans, over a period of five years, would not be significantly different to the performance of the Loans in the Loan Portfolio.

**Summary**

Number of Loans:	2,973
Number of Funding Circle Borrowers:	2,970
Aggregate Initial Collateral Principal Balance:	£261,853,158.00
Aggregate Collateral Principal Balance:	£250,009,767.82
Average Initial Collateral Principal Balance:	£88,077.08
Average Collateral Principal Balance:	£84,093.43
Weighted average contractual interest rate (%):	9.84
Weighted average seasoning (months):*	2.4
Weighted average original term (months):**	52.8
Weighted average remaining term (months):***	50.4
Top 1 Funding Circle Borrower by Collateral Principal Balance expressed as a percentage of the Aggregate Collateral Principal Balance of the Loan Portfolio:	0.21%
Top 3 Funding Circle Borrower by Collateral Principal Balance expressed as a percentage of the Aggregate Collateral Principal Balance of the Loan Portfolio:	0.63%
Top 5 Funding Circle Borrower by Collateral Principal Balance expressed as a percentage of the Aggregate Collateral Principal Balance of the Loan Portfolio:	1.04%
Top 10 Funding Circle Borrower by Collateral Principal Balance expressed as a percentage of the Aggregate Collateral Principal Balance of the Loan Portfolio:	2.05%

\* 'Seasoning' in respect of a Loan for these purposes is the number of months between the date of the initial Advance and the Loan Portfolio Cut-Off Date.

\*\* 'Original term' in respect of a Loan for these purposes is the number of months remaining until the final maturity date in respect of such Loan as at the date of the initial Advance of such Loan.

\*\*\* 'Remaining term' in respect of a Loan for these purposes is the number of months remaining until the final maturity date in respect of such Loan as at the Loan Portfolio Cut-Off Date.

## Distribution by Collateral Principal Balance

Collateral Principal Balance range (£)	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
x≤50000	35,373,001.85	14.15%	1,320	44.40%
50000<x≤70000	26,542,673.43	10.62%	478	16.08%
70000<x≤90000	17,295,334.72	6.92%	222	7.47%
90000<x≤110000	28,686,841.64	11.47%	286	9.62%
110000<x≤130000	9,150,459.44	3.66%	76	2.56%
130000<x≤150000	10,542,544.70	4.22%	75	2.52%
150000<x≤170000	19,819,227.44	7.93%	127	4.27%
170000<x≤190000	7,317,654.60	2.93%	41	1.38%
190000<x≤210000	18,347,902.47	7.34%	91	3.06%
210000<x≤230000	6,524,965.83	2.61%	30	1.01%
230000<x≤250000	8,955,155.48	3.58%	37	1.24%
250000<x≤270000	16,741,301.91	6.70%	65	2.19%
270000<x≤290000	2,798,852.34	1.12%	10	0.34%
290000<x≤310000	3,908,774.18	1.56%	13	0.44%
310000<x≤330000	3,811,702.38	1.52%	12	0.40%
330000<x≤350000	7,204,907.15	2.88%	21	0.71%
x>350000	26,988,468.26	10.79%	69	2.32%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>
Maximum Collateral Principal Balance:	530,000.00			
Minimum Collateral Principal Balance:	5,231.33			
Average Collateral Principal Balance:	84,093.43			

## Distribution by Funding Circle Borrower

Collateral Principal Balance by Funding Circle Borrower	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Funding Circle Borrowers	Percentage of Funding Circle Borrowers
x≤50000	35,267,811.93	14.11%	1,316	44.31%
50000<x≤70000	26,535,163.07	10.61%	478	16.09%
70000<x≤90000	17,305,181.62	6.92%	222	7.47%
90000<x≤110000	28,789,695.02	11.52%	287	9.66%
110000<x≤130000	9,150,459.44	3.66%	76	2.56%
130000<x≤150000	10,542,544.70	4.22%	75	2.53%
150000<x≤170000	19,819,227.44	7.93%	127	4.28%
170000<x≤190000	7,317,654.60	2.93%	41	1.38%
190000<x≤210000	18,347,902.47	7.34%	91	3.06%
210000<x≤230000	6,524,965.83	2.61%	30	1.01%
230000<x≤250000	8,955,155.48	3.58%	37	1.25%
250000<x≤270000	16,741,301.91	6.70%	65	2.19%
270000<x≤290000	2,798,852.34	1.12%	10	0.34%
290000<x≤310000	3,908,774.18	1.56%	13	0.44%
310000<x≤330000	3,811,702.38	1.52%	12	0.40%
330000<x≤350000	7,204,907.15	2.88%	21	0.71%
x>350000	26,988,468.26	10.79%	69	2.32%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,970</b>	<b>100.00%</b>
Maximum Collateral Principal Balance:	530,000.00			
Minimum Collateral Principal Balance:	5,231.33			
Average Collateral Principal Balance:	84,178.37			

## Distribution by Seasoning

Seasoning* (in months)	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
-	9,570,953.00	3.83%	104	3.50%
1.0	55,459,587.14	22.18%	657	22.10%
2.0	56,670,509.01	22.67%	661	22.23%
3.0	83,334,183.32	33.33%	1,025	34.48%
4.0	44,873,036.68	17.95%	524	17.63%
5.0	0.00	0.00%	0	0.00%
6.0	55,466.58	0.02%	1	0.03%
7.0	0.00	0.00%	0	0.00%
8.0	46,032.09	0.02%	1	0.03%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>
Weighted average seasoning:	2.4			

\* 'Seasoning' in respect of a Loan for these purposes is the number of months between the date of the initial Advance and the Loan Portfolio Cut-Off Date.

## Distribution by Original Term

Original Term range (in months)*	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
x≤10.01	1,513,204.20	0.61%	27	0.91%
10.01<x≤20.01	5,457,900.28	2.18%	112	3.77%
20.01<x≤30.01	14,380,923.20	5.75%	247	8.31%
30.01<x≤40.01	28,623,012.19	11.45%	447	15.04%
40.01<x≤50.01	21,292,304.97	8.52%	340	11.44%
50.01<x≤60.01	178,742,422.98	71.49%	1,800	60.54%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>
Weighted average original term:	52.8			

\* 'Original Term' in respect of a Loan for these purposes is the number of months remaining until the final maturity date in respect of such Loan as at the date of the initial Advance of such Loan.

## Distribution by Remaining Term

Remaining Term range (in months)*	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
x≤10.01	5,040,985.88	2.02%	111	3.73%
10.01<x≤20.01	4,866,203.11	1.95%	77	2.59%
20.01<x≤30.01	11,444,838.69	4.58%	198	6.66%
30.01<x≤40.01	28,669,044.28	11.47%	448	15.07%
40.01<x≤50.01	21,246,272.88	8.50%	339	11.40%
50.01<x≤60.01	178,742,422.98	71.49%	1,800	60.54%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>
Weighted average remaining term:	50.4			

\* 'Remaining Term' in respect of a Loan for these purposes is the number of months remaining until the final maturity date in respect of such Loan as at the Loan Portfolio Cut-Off Date.



## Distribution by Loan status

<b>Loan status*</b>	<b>Aggregate Collateral Principal Balance (£)</b>	<b>Percentage of the Aggregate Collateral Principal Balance</b>	<b>Number of Loans</b>	<b>Percentage of Loans</b>
Current**	249,648,667.94	99.86%	2,972	99.97%
5 days - 30 past due	361,099.88	0.14%	1	0.03%
31 days - 60 past due	0.00	0.00%	0	0.00%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>

\* 'Past due' in respect of a Loan for these purposes means any payment of interest or principal or any other amount due and payable thereunder, or part thereof, remains unpaid past its original due date.

\*\* 'Current' for these purposes means 0 days – 4 days past due.

## Distribution by original contractual interest rate

<b>Contractual interest rate range (%)</b>	<b>Aggregate Collateral Principal Balance (£)</b>	<b>Percentage of the Aggregate Collateral Principal Balance</b>	<b>Number of Loans</b>	<b>Percentage of Loans</b>
x≤6	37,689,402.26	15.08%	366	12.31%
6<x≤7	16,398,753.53	6.56%	130	4.37%
7<x≤8	24,111,405.88	9.64%	255	8.58%
8<x≤9	33,270,664.68	13.31%	296	9.96%
9<x≤10	45,208,085.69	18.08%	482	16.21%
10<x≤11	12,946,299.80	5.18%	216	7.27%
11<x≤12	14,498,210.06	5.80%	226	7.60%
12<x≤13	34,680,806.62	13.87%	466	15.67%
13<x≤14	8,639,536.65	3.46%	132	4.44%
x>14	22,566,602.65	9.03%	404	13.59%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>

Maximum contractual interest rate: 19.90%

Minimum contractual interest rate: 1.90%

Weighted average contractual interest rate: 9.84%

## Distribution by business type

<b>Business Type</b>	<b>Aggregate Collateral Principal Balance (£)</b>	<b>Percentage of the Aggregate Collateral Principal Balance</b>	<b>Number of Loans</b>	<b>Percentage of Loans</b>
Limited Company	236,528,620.15	94.61%	2,785	93.68%
Sole trader or partnership	11,617,197.29	4.65%	161	5.42%
Limited Liability Partnership	1,863,950.38	0.75%	27	0.91%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>

## Distribution by Region

Region*	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
East Anglia	7,796,690.66	3.12%	102	3.43%
London	45,913,141.58	18.36%	458	15.41%
Midlands	32,406,049.62	12.96%	409	13.76%
North East	23,315,648.51	9.33%	297	9.99%
North West	27,458,732.20	10.98%	319	10.73%
Northern Ireland	3,954,355.28	1.58%	46	1.55%
Scotland	11,001,386.07	4.40%	156	5.25%
South East	67,291,512.52	26.92%	777	26.14%
South West	25,546,560.35	10.22%	335	11.27%
Wales	5,325,691.03	2.13%	74	2.49%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>

\* 'Region' in respect of a Loan for these purposes is based on Companies House data in respect of Funding Circle Borrowers which are Limited Borrowers, or based upon self-reported classification in respect of Funding Circle Borrowers which are (i) UK-resident individual sole trader; (ii) partnerships solely comprising UK-resident individual partners; or (iii) partnerships comprising both (A) a number of partners each of whom is an individual; and (B) a number of partners each of which is a company limited by shares where: (1) each of the partners who is an individual is a UK resident; (2) each of the partners which is a company limited by shares is incorporated in the United Kingdom (as evidenced by a search conducted at the Companies Registry, Cardiff) and mapped to Funding Circle's region list.

## Distribution by industry type

Industry	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
Agriculture	4,056,949.98	1.62%	57	1.92%
Arts & Entertainment	5,099,011.01	2.04%	75	2.52%
Automotive	7,905,479.47	3.16%	99	3.33%
Consumer Services	5,417,751.41	2.17%	72	2.42%
Education & Training	6,972,533.01	2.79%	92	3.09%
Finance	9,193,279.92	3.68%	105	3.53%
Healthcare	15,598,620.08	6.24%	158	5.31%
I.T and Telecommunications	20,819,424.19	8.33%	222	7.47%
Leisure & Hospitality	18,634,582.77	7.45%	226	7.60%
Manufacturing and Engineering	33,821,813.13	13.53%	370	12.45%
Other	19,301.17	0.01%	1	0.03%
Professional and Business Support	32,580,708.69	13.03%	383	12.88%
Property and Construction	41,786,080.46	16.71%	509	17.12%
Retail	27,407,171.94	10.96%	355	11.94%
Transport and Logistics	10,644,487.55	4.26%	128	4.31%
Wholesale	10,052,573.04	4.02%	121	4.07%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>

## Distribution by Risk Band

Risk Band*	Aggregate Collateral Principal Balance (£)	Percentage of the Aggregate Collateral Principal Balance	Number of Loans	Percentage of Loans
A+	37,205,140.87	14.88%	399	13.42%
A	104,525,113.40	41.81%	1,099	36.97%
B	65,399,501.98	26.16%	836	28.12%
C	26,206,625.55	10.48%	373	12.55%
D	16,673,386.02	6.67%	266	8.95%
<b>Grand Total</b>	<b>250,009,767.82</b>	<b>100.00%</b>	<b>2,973</b>	<b>100.00%</b>

\* 'Risk Band' for these purposes is based upon the Risk Band assigned by Funding Circle at the time of the origination of the relevant Loan.

## Historical Data

The illustrations below show the approximate total historic originations, loss and recovery experience for Funding Circle's UK lending platform portfolio. The illustrations include unsecured SME loans (excluding secured SME loans such as property finance loans or asset finance loans) that have been originated through the whole loan and partial loan marketplace that are serviced by Funding Circle.

### Funding Circle Historical Originations

The figures shown below are for the total portfolio of unsecured SME loans intermediated on the Funding Circle Ltd lending platform from 2010 up until 30 June 2019. Funding Circle have expanded the types and terms of loan products offered through its lending platform over time, including the addition of a 'C' band in 2011, a 'D' band in 2013 and an 'E' band in 2015. Origination of E band loans was paused in March 2019, however, accepted loan applications up until then were funded into April 2019.

<u>Period of Origination</u>	<u>Approximate Total Principal Amount (£)(in millions)</u>
1 January 2012 – 31 December 2012	49
1 January 2013 – 31 December 2013	129
1 January 2014 – 31 December 2014	279
1 January 2015 – 31 December 2015	531
1 January 2016 – 31 December 2016	823
1 January 2017 – 31 December 2017	1,264
1 January 2018 – 31 December 2018	1,531
1 January 2019 – 30 June 2019	798

### Funding Circle Loans Under Management

The figures shown below are principal outstanding amount for all on time and late loans in the Funding Circle loan book as of the specified date. The amounts do not include bad debt.

<u>Period Under Management</u>	<u>Loans Under Management (£)(in millions)</u>
1 January 2012 – 31 December 2012	52
1 January 2013 – 31 December 2013	144
1 January 2014 – 31 December 2014	332
1 January 2015 – 31 December 2015	653
1 January 2016 – 31 December 2016	1,027
1 January 2017 – 31 December 2017	1,584
1 January 2018 – 31 December 2018	2,208
1 January 2019 – 30 June 2019	2,448

### Funding Circle Corporate Revenue Growth

The table below shows the revenue in millions year on year overall for Funding Circle and broken down per market. The revenue is converted to local currency (£) to eliminate FX variations and excludes Property.

REVENUE	Revenue (£m)	H1 2017	H1 2018	H1 2019	19 vs 18
	United Kingdom (excl. Property)	29.5	42.5	53.0	25%
	United States	8.3	15.0	21.9	46%
	Developing Markets	0.9	5.2	6.5	26%
	Property	2.2	0.3	0.0	-100%
	<b>Funding Circle</b>	<b>40.9</b>	<b>63.0</b>	<b>81.4</b>	<b>29%</b>

*The Loan Portfolio*

<b>REVENUE</b>	<b>Revenue (Local Currency)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>YoY</b>
	United Kingdom (excl. Property)	29.5	42.5	53.0	25%
	United States	10.6	20.6	28.3	37%
	Developing Markets	1.0	5.9	7.5	26%
	Property	2.2	0.3	0.0	-100%
	<b>Funding Circle</b>	<b>40.9</b>	<b>63.0</b>	<b>81.4</b>	<b>29%</b>

**Funding Circle Corporate Revenue by Type**

The figures shown below break down revenue by type and per year for new and existing customers. Servicing yield represents the servicing fee Funding Circle collects for servicing outstanding performing only loans and the transaction yield represents the revenue generated upon origination.

<b>REVENUE</b>	<b>Revenue (£m)</b>	<b>H1 2017</b>	<b>H1 2018</b>	<b>H1 2019</b>	<b>YoY</b>
	New	23.0	36.6	43.8	20%
	Existing	15.7	26.1	37.6	44%
	Property	2.2	0.3	0.0	-100%
	<b>Funding Circle</b>	<b>40.9</b>	<b>63.0</b>	<b>81.4</b>	<b>29%</b>
			<b>2018</b>	<b>2019</b>	
	Servicing Yield (%)		1.0%	0.9%	
	Transaction Yield (excl. Prop) (%)		4.8%	5.2%	

**Funding Circle Historical Loss Performance**

The table below shows cumulative gross losses as a percentage, based on the total number of months since the date of origination for each annual cohort. The data is as at 30 June 2019.

Loss experience may be influenced by a variety of economic, social, geographic and other factors beyond the control of Funding Circle. Loss experience also may be influenced by changes in Funding Circle's origination and servicing policies. No assurance can be made that the loss experience of a particular pool of loans will be similar to the historical experience shown below or that any trends shown in the graphs will continue for any period. The loss experience for a particular pool of loans originated in any period would differ from the portfolio experience shown in the following tables.

Number of Months Since the Date of Origination	Cumulative Gross Loss Percentage By Year of Origination					2018
	2013	2014	2015	2016	2017	
1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
3	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
4	0.1%	0.2%	0.1%	0.2%	0.1%	0.0%
5	0.5%	0.3%	0.2%	0.4%	0.2%	0.1%
6	0.6%	0.3%	0.3%	0.7%	0.4%	0.3%
7	0.6%	0.4%	0.5%	0.8%	0.5%	
8	0.8%	0.5%	0.7%	1.3%	0.8%	
9	0.9%	0.6%	1.0%	1.6%	1.1%	
10	1.1%	0.8%	1.3%	2.0%	1.5%	
11	1.3%	1.1%	1.6%	2.2%	2.0%	
12	1.6%	1.3%	1.9%	2.6%	2.5%	
13	1.8%	1.6%	2.2%	3.0%	2.9%	
14	1.9%	1.9%	2.4%	3.2%	3.4%	
15	2.3%	2.1%	2.7%	3.5%	3.8%	
16	2.5%	2.2%	3.0%	4.0%	4.3%	
17	2.6%	2.6%	3.2%	4.2%	4.8%	
18	3.0%	2.7%	3.5%	4.5%	5.2%	
19	3.3%	3.1%	3.6%	4.9%		
20	3.4%	3.4%	3.8%	5.2%		
21	3.6%	3.6%	3.9%	5.6%		
22	3.8%	3.8%	4.1%	5.9%		
23	4.2%	4.1%	4.3%	6.3%		
24	4.4%	4.3%	4.5%	6.7%		
25	4.6%	4.4%	4.7%	7.0%		
26	4.8%	4.7%	4.9%	7.3%		
27	5.1%	4.9%	5.1%	7.7%		
28	5.3%	5.1%	5.3%	8.0%		
29	5.5%	5.3%	5.4%	8.2%		
30	5.6%	5.5%	5.6%	8.5%		
31	5.7%	5.6%	5.7%			
32	5.8%	5.8%	5.8%			
33	5.9%	6.0%	5.9%			
34	6.0%	6.1%	6.1%			
35	6.1%	6.2%	6.3%			
36	6.2%	6.2%	6.4%			
37	6.3%	6.3%	6.5%			
38	6.3%	6.4%	6.7%			
39	6.4%	6.5%	6.7%			
40	6.4%	6.6%	6.8%			
41	6.4%	6.6%	6.8%			
42	6.5%	6.7%	6.9%			
43	6.6%	6.8%				
44	6.6%	6.9%				
45	6.7%	7.0%				
46	6.7%	7.0%				
47	6.7%	7.1%				
48	6.8%	7.1%				
49	6.8%	7.1%				
50	6.8%	7.1%				
51	6.8%	7.2%				
52	6.8%	7.2%				
53	6.9%	7.2%				
54	6.9%	7.2%				
55	6.9%					

Number of Months Since the Date of Origination	Cumulative Gross Loss Percentage By Year of Origination					2018
	2013	2014	2015	2016	2017	
56	6.9%					
57	6.9%					
58	6.9%					
59	6.9%					
60	6.9%					

## Methodology:

- (1) Cohorts include loans origination within the identified date range (e.g. annual basis).
- (2) The age of each loan in a cohort is calculated by reference to the current date on which this calculation is carried out in respect of the loan book, as at that date.
- (3) The default date for all defaulted loans is determined in accordance with Funding Circle's origination and servicing policies.
- (4) A cumulative gross loss vector is calculated by summing the month-on-month default amounts since origination within a particular cohort divided by the total origination amounts in that particular cohort.

**Funding Circle Historical Delinquency Performance**

The table below shows the proportion of current balance outstanding that is delinquent (60+ days) for each half year cohort from 2016-H1 to 2018-H2. Defaulted loans are not included in current outstanding balance. The data is as at 30 June 2019.

Delinquencies may be influenced by a variety of economic, social, geographic and other factors beyond the control of Funding Circle. Delinquencies also may be influenced by changes in Funding Circle's origination and servicing policies. No assurance can be made that the delinquencies of a particular pool of loans will be similar to the historical experience shown below or that any trends shown in the graphs will continue for any period. The delinquencies for a particular pool of loans originated in any period would differ from the portfolio experience shown in the following tables.

**Delinquency (30+ and 60+ Days) Percentage by Cohort of Origination (all of Funding Circle population)**

Number of Months Since the Date of Origination	2016-H1		2016-H2		2017-H1		2017-H2		2018-H1		2018-H2	
	30+ Days	60+ Days	30+ Days	60+ Days	30+ Days	60+ Days	30+ Days	60+ Days	30+ Days	60+ Days	30+ Days	60+ Days
1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%
3	0.2%	0.0%	0.1%	0.0%	0.1%	0.0%	0.3%	0.0%	0.2%	0.0%	0.3%	0.0%
4	0.1%	0.1%	0.3%	0.0%	0.3%	0.1%	0.5%	0.1%	0.5%	0.1%	0.6%	0.2%
5	0.1%	0.0%	0.3%	0.1%	0.4%	0.2%	0.9%	0.2%	0.8%	0.2%	0.8%	0.3%
6	0.2%	0.0%	0.6%	0.2%	0.7%	0.2%	1.3%	0.6%	1.1%	0.5%	1.1%	0.4%
7	0.3%	0.1%	0.9%	0.4%	0.9%	0.3%	1.4%	0.6%	1.3%	0.5%		
8	0.2%	0.1%	0.9%	0.4%	1.2%	0.5%	1.7%	0.7%	1.5%	0.7%		
9	0.5%	0.0%	1.2%	0.4%	1.6%	0.6%	2.0%	0.9%	1.7%	0.7%		
10	0.6%	0.2%	1.4%	0.6%	1.9%	0.9%	1.9%	0.9%	2.0%	0.9%		
11	0.7%	0.2%	1.4%	0.8%	1.6%	0.7%	2.2%	0.9%	2.1%	1.0%		
12	0.7%	0.1%	1.4%	0.7%	2.0%	0.9%	2.8%	1.2%	2.5%	1.2%		
13	1.2%	0.4%	1.9%	0.7%	2.4%	1.2%	2.8%	1.5%				
14	1.4%	0.5%	1.6%	1.1%	2.6%	1.1%	3.2%	1.7%				
15	1.3%	0.4%	1.4%	0.6%	2.8%	1.4%	3.1%	1.6%				
16	1.5%	0.4%	1.9%	0.8%	2.7%	1.3%	3.1%	1.4%				
17	1.9%	1.0%	2.1%	1.0%	3.1%	1.5%	3.4%	1.9%				
18	2.0%	0.8%	2.8%	1.2%	3.3%	1.8%	3.5%	1.7%				
19	1.7%	0.8%	3.0%	1.5%	2.7%	1.4%						
20	1.9%	0.7%	2.9%	1.5%	2.9%	1.4%						
21	1.7%	0.5%	3.4%	1.3%	3.4%	1.8%						
22	2.2%	0.9%	3.5%	2.1%	3.8%	2.0%						
23	2.1%	1.1%	3.6%	1.8%	3.5%	1.8%						
24	2.5%	1.0%	3.9%	1.8%	3.9%	1.9%						
25	3.1%	1.3%	3.9%	1.9%								
26	3.3%	1.8%	3.5%	1.7%								
27	2.7%	1.4%	3.2%	1.6%								
28	2.3%	0.9%	3.9%	1.9%								
29	2.2%	0.7%	3.9%	2.0%								
30	2.7%	1.2%	3.7%	1.7%								
31	2.6%	0.8%										
32	2.5%	1.5%										



33	2.8%	1.4%
34	2.3%	1.6%
35	2.4%	1.2%
36	2.8%	1.5%

### Funding Circle Historical Dynamic Delinquency Performance

The table below shows on a monthly basis for a period of five and a half years the 30+ and 60+ days loans in arrears as percentage of the total outstanding amount of Funding Circle loans. Defaulted loans are not included in the current outstanding balance. The data is as at 30 June 2019.

#### Delinquency (30+ and 60+ Days) Percentage per month by Total Outstanding Amount of Funding Circle Loans

Month	30+ Days	60+ Days
2014 Jan	0.38%	0.17%
2014 Feb	0.33%	0.23%
2014 Mar	0.35%	0.15%
2014 Apr	0.33%	0.11%
2014 May	0.26%	0.09%
2014 Jun	0.26%	0.06%
2014 Jul	0.25%	0.02%
2014 Aug	0.23%	0.11%
2014 Sep	0.36%	0.12%
2014 Oct	0.22%	0.18%
2014 Nov	0.14%	0.19%
2014 Dec	0.22%	0.06%
2015 Jan	0.24%	0.04%
2015 Feb	0.22%	0.04%
2015 Mar	0.24%	0.08%
2015 Apr	0.32%	0.19%
2015 May	0.24%	0.14%
2015 Jun	0.26%	0.05%
2015 Jul	0.25%	0.11%
2015 Aug	0.17%	0.12%
2015 Sep	0.28%	0.03%
2015 Oct	0.25%	0.12%
2015 Nov	0.28%	0.10%
2015 Dec	0.37%	0.12%
2016 Jan	0.26%	0.19%
2016 Feb	0.31%	0.16%
2016 Mar	0.31%	0.07%
2016 Apr	0.38%	0.08%
2016 May	0.28%	0.18%
2016 Jun	0.28%	0.10%
2016 Jul	0.47%	0.08%
2016 Aug	0.41%	0.14%
2016 Sep	0.35%	0.12%

*The Loan Portfolio*

2016 Oct	0.34%	0.11%
2016 Nov	0.38%	0.12%
2016 Dec	0.43%	0.15%
2017 Jan	0.41%	0.13%
2017 Feb	0.45%	0.15%
2017 Mar	0.37%	0.23%
2017 Apr	0.38%	0.19%
2017 May	0.40%	0.24%
2017 Jun	0.47%	0.22%
2017 Jul	0.49%	0.32%
2017 Aug	0.46%	0.35%
2017 Sep	0.60%	0.38%
2017 Oct	0.52%	0.46%
2017 Nov	0.52%	0.41%
2017 Dec	0.62%	0.44%
2018 Jan	0.61%	0.53%
2018 Feb	0.71%	0.51%
2018 Mar	0.82%	0.57%
2018 Apr	0.85%	0.68%
2018 May	0.88%	0.67%
2018 Jun	0.78%	0.75%
2018 Jul	0.89%	0.67%
2018 Aug	0.92%	0.77%
2018 Sep	0.91%	0.80%
2018 Oct	0.89%	0.82%
2018 Nov	0.91%	0.80%
2018 Dec	0.87%	0.83%
2019 Jan	0.95%	0.86%
2019 Feb	0.84%	0.94%
2019 Mar	1.06%	0.84%
2019 Apr	1.03%	0.95%
2019 May	1.07%	0.96%
2019 Jun	0.96%	0.95%

### Funding Circle Historical Recovery Performance

The table below shows the total principal amount of unsecured SME loans as at the time of default in the respective cohorts. The recovered amount includes the total principal amount recovered as at 30 June 2019, for each cohort of default. The final column shows the actual realised recovery rate as a percentage as at 30 June 2019, calculated as the aggregate principal amount recovered divided by the principal amount at the time of default.

Cohort Period of Default	Aggregate Principal Amount at Time of Default (£)	Aggregate Principal Amount Recovered (£)	Actual Recovery Rate (%)
2010-11	81,541.64	36,114.19	44.3%
2012	946,989.71	322,906.76	34.1%
2013	2,034,550.65	983,971.22	48.4%
14-H1	2,196,914.69	1,294,680.27	58.9%
14-H2	2,702,581.10	1,707,290.97	63.2%
15-Q1	2,504,427.36	1,413,892.57	56.5%
15-Q2	2,297,414.17	1,362,531.48	59.3%
15-Q3	2,696,149.43	1,098,707.20	40.8%
15-Q4	3,668,938.99	1,635,265.73	44.6%
16-Q1	4,404,076.07	1,498,568.56	34.0%
16-Q2	5,591,986.77	2,641,017.59	47.2%
16-Q3	6,785,699.19	3,008,103.50	44.3%
16-Q4	7,734,856.50	3,115,345.08	40.3%
17-Q1	9,653,539.82	1,680,070.94	17.4%
17-Q2	8,481,910.42	2,247,032.61	26.5%
17-Q3	10,813,112.17	1,893,670.41	17.5%
17-Q4	13,627,605.16	1,943,634.53	14.3%
18-Q1	16,262,474.90	1,529,841.16	9.4%
18-Q2	23,360,016.70	3,096,226.96	13.3%
18-Q3	29,007,530.11	3,903,791.89	13.5%
18-Q4	30,126,066.80	1,914,935.94	6.4%
19-Q1	33,193,131.49	998,224.11	3.0%
19-Q2	35,245,781.91	481,298.08	1.4%

The table below shows the cumulative recovery rate per default cohort since origination. The data is as of 30 June 2019.

Number of Months since Origination	2015	2016	2016	2017	2017	2017	2018	2018	2018	2018	2019
		H1	H2	H1	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	5.3%	1.6%	0.7%	1.3%	1.3%	1.6%	0.2%	1.0%	0.3%	0.3%	0.3%
2	6.9%	3.3%	2.6%	3.3%	2.4%	1.9%	0.9%	1.9%	1.8%	0.7%	0.7%
3	8.2%	5.0%	4.2%	4.6%	2.8%	2.2%	2.3%	2.5%	3.1%	1.3%	1.3%
4	9.3%	5.9%	7.2%	5.3%	3.5%	3.5%	2.8%	3.1%	4.9%	1.6%	
5	11.7%	7.6%	8.9%	5.9%	4.4%	4.2%	3.4%	3.6%	6.9%	2.3%	
6	12.6%	8.5%	10.6%	8.7%	5.1%	4.4%	4.1%	4.0%	7.3%	2.8%	
7	14.0%	9.2%	12.4%	9.8%	6.0%	4.7%	4.6%	4.6%	7.9%		
8	16.3%	10.5%	14.6%	10.6%	6.9%	5.3%	5.1%	5.2%	8.3%		
9	17.6%	11.9%	15.7%	11.1%	7.7%	5.6%	5.8%	5.9%	8.9%		
10	19.2%	13.2%	16.9%	11.5%	8.6%	7.1%	6.2%	6.6%			
11	20.1%	14.0%	18.5%	12.0%	9.0%	7.8%	6.7%	7.2%			

12	21.1 %	15.6 %	19.6 %	12.6 %	9.5%	8.4%	7.4%	7.5%
13	22.3 %	16.5 %	21.2 %	13.2 %	11.0 %	9.0%	7.8%	
14	23.2 %	18.4 %	22.6 %	13.7 %	11.4 %	10.8 %	8.2%	
15	24.8 %	18.9 %	24.1 %	14.4 %	12.1 %	11.9 %	8.7%	
16	25.6 %	19.6 %	25.8 %	15.2 %	12.7 %	12.5 %		
17	26.6 %	25.1 %	26.8 %	15.8 %	13.1 %	12.9 %		
18	27.9 %	26.1 %	27.4 %	16.5 %	13.5 %	13.6 %		
19	29.0 %	27.8 %	28.1 %	17.0 %	14.0 %			
20	30.2 %	28.6 %	29.0 %	18.4 %	14.4 %			
21	31.8 %	29.4 %	29.9 %	18.8 %	14.9 %			
22	32.5 %	29.9 %	30.8 %	19.9 %				
23	33.7 %	30.6 %	32.5 %	21.7 %				
24	35.5 %	31.4 %	33.1 %	22.1 %				
25	37.0 %	32.0 %	34.7 %					
26	37.4 %	32.7 %	35.4 %					
27	38.0 %	33.6 %	36.2 %					
28	38.5 %	34.1 %	37.0 %					
29	39.0 %	34.8 %	38.3 %					
30	39.7 %	35.4 %	40.1 %					
31	40.1 %	35.7 %						
32	40.5 %	36.1 %						
33	41.0 %	39.5 %						
34	42.0 %	39.8 %						
35	42.3 %	40.1 %						
36	42.5 %	40.4 %						
37	43.0 %							
38	43.5 %							
39	44.9 %							
40	45.6 %							
41	46.0 %							

42            46.3  
                 %

**Funding Circle Historical Prepayment Information**

The figures below show the cumulative proportion of the original principal balance of all SME loans originated on the Funding Circle platform for the annual origination cohorts 2013 to 2018 that were prepaid in each such cohort. The data is as at the end of June 2019 and includes SME loans repaid in full prior to their contractual maturity date.

The rate of prepayment of SME loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws, local and regional economic conditions and changes in borrower's behaviour. No guarantee can be given as to the level of prepayment that the Purchased Loan Receivables may experience.

## Cumulative Prepayment Rate

Number of Months Since the Date of Origination	2013	2014	2015	2016	2017	2018
1	0.0%	0.3%	0.3%	0.2%	0.3%	0.1%
2	0.3%	0.7%	1.0%	0.5%	0.5%	0.2%
3	0.4%	0.8%	1.3%	0.9%	0.9%	0.5%
4	0.5%	1.0%	1.7%	1.3%	1.3%	0.9%
5	0.6%	1.2%	2.1%	1.8%	2.0%	1.5%
6	0.7%	1.4%	2.8%	2.8%	2.6%	2.1%
7	1.0%	1.9%	3.4%	3.8%	3.3%	
8	1.2%	2.6%	4.2%	4.6%	4.0%	
9	1.5%	3.0%	4.9%	5.7%	4.9%	
10	1.7%	3.6%	5.5%	6.7%	5.7%	
11	2.2%	4.1%	6.6%	7.6%	6.8%	
12	2.7%	4.6%	7.6%	8.7%	7.7%	
13	3.0%	5.2%	9.1%	9.7%	8.6%	
14	3.2%	6.0%	10.1%	10.7%	9.5%	
15	3.6%	6.9%	11.0%	11.7%	10.3%	
16	3.9%	7.5%	12.0%	12.5%	10.9%	
17	4.1%	8.0%	12.9%	13.0%	11.5%	
18	4.4%	8.7%	13.7%	13.5%	12.1%	
19	4.7%	9.2%	14.4%	14.1%		
20	5.1%	10.0%	15.2%	14.7%		
21	5.5%	10.6%	15.9%	15.3%		
22	6.0%	11.4%	16.6%	15.8%		
23	6.4%	12.0%	17.3%	16.3%		
24	6.6%	12.9%	17.9%	16.8%		
25	7.1%	13.6%	18.5%	17.4%		
26	7.4%	14.2%	19.0%	17.9%		
27	7.8%	14.8%	19.6%	18.3%		
28	8.2%	15.3%	20.0%	18.7%		
29	8.6%	15.9%	20.3%	19.1%		
30	8.9%	16.3%	20.6%	19.4%		
31	9.2%	16.7%	20.9%			
32	9.4%	17.1%	21.2%			
33	9.7%	17.6%	21.4%			
34	9.8%	17.9%	21.6%			
35	10.0%	18.2%	21.8%			
36	10.4%	18.5%	22.0%			
37	10.6%	18.8%	22.4%			
38	10.9%	19.0%	22.6%			
39	11.1%	19.2%	22.9%			
40	11.4%	19.4%	23.1%			
41	11.5%	19.5%	23.3%			
42	11.6%	19.7%	23.5%			
43	11.9%	19.9%				
44	12.2%	20.0%				
45	12.3%	20.1%				
46	12.4%	20.2%				
47	12.5%	20.2%				
48	12.6%	20.4%				
49	12.7%	20.4%				
50	12.8%	20.5%				
51	12.9%	20.6%				
52	12.9%	20.7%				
53	13.0%	20.8%				
54	13.0%	20.8%				

	<b>Cumulative Prepayment Rate</b>					
<b>Number of Months Since the Date of Origination</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
55	13.0%					
56	13.1%					
57	13.1%					
58	13.1%					
59	13.1%					
60	13.1%					

Month	Aggregate Collateral Principal Balance (£)	Prepaid within Month (£)	Percentage of loans prepaid within month	Weighted Average Life (WAL)	CPR of portfolio
31-Jan-16	548,392,953.48	4,425,997.46	0.81%	9.27%	
29-Feb-16	576,685,712.17	5,469,528.78	0.95%	10.81%	
31-Mar-16	601,371,841.89	5,193,586.64	0.86%	9.89%	
30-Apr-16	615,779,139.98	5,123,255.75	0.83%	9.54%	
31-May-16	625,802,918.37	6,201,523.06	0.99%	11.26%	
30-Jun-16	631,498,071.71	4,956,928.24	0.78%	9.02%	
31-Jul-16	643,254,452.69	6,522,204.71	1.01%	11.51%	
31-Aug-16	663,424,804.48	8,663,029.68	1.31%	14.59%	
30-Sep-16	696,688,464.30	9,309,231.95	1.34%	14.91%	
31-Oct-16	740,687,843.74	10,458,893.85	1.41%	15.69%	
30-Nov-16	802,593,138.19	10,799,172.98	1.35%	15.00%	
31-Dec-16	851,263,150.52	11,702,294.37	1.37%	15.30%	
31-Jan-17	903,440,515.97	12,147,779.41	1.34%	14.99%	
28-Feb-17	960,582,792.59	11,286,468.26	1.17%	13.22%	
31-Mar-17	1,020,006,782.33	10,430,160.50	1.02%	11.60%	
30-Apr-17	1,052,769,846.56	7,319,961.30	0.70%	8.03%	
31-May-17	1,109,602,518.58	10,803,456.37	0.97%	11.08%	
30-Jun-17	1,167,264,315.09	13,161,113.37	1.13%	12.72%	
31-Jul-17	1,210,259,222.42	11,390,945.93	0.94%	10.73%	
31-Aug-17	1,246,788,590.85	12,272,160.05	0.98%	11.19%	
30-Sep-17	1,294,685,124.75	13,506,508.40	1.04%	11.82%	
31-Oct-17	1,361,454,601.45	14,158,658.54	1.04%	11.79%	
30-Nov-17	1,435,167,455.66	15,504,033.64	1.08%	12.22%	
31-Dec-17	1,477,332,831.77	11,285,858.27	0.76%	8.79%	
31-Jan-18	1,540,424,608.17	12,814,650.87	0.83%	9.54%	
28-Feb-18	1,602,116,518.06	12,038,673.68	0.75%	8.65%	
31-Mar-18	1,660,833,533.50	13,577,108.25	0.82%	9.38%	
30-Apr-18	1,709,201,336.25	10,808,346.08	0.63%	7.33%	
31-May-18	1,765,646,454.06	15,915,369.75	0.90%	10.30%	
30-Jun-18	1,821,809,289.46	17,771,362.39	0.98%	11.10%	
31-Jul-18	1,878,199,798.21	21,176,634.38	1.13%	12.72%	
31-Aug-18	1,925,122,971.18	25,630,855.57	1.33%	14.86%	
30-Sep-18	1,971,274,658.02	17,372,056.72	0.88%	10.08%	
31-Oct-18	2,040,843,967.74	19,661,480.64	0.96%	10.97%	
30-Nov-18	2,116,568,234.73	19,281,663.61	0.91%	10.40%	
31-Dec-18	2,174,555,381.92	21,848,155.17	1.00%	11.41%	
31-Jan-19	2,228,385,420.40	21,490,413.73	0.96%	10.98%	
28-Feb-19	2,279,203,158.46	21,858,625.56	0.96%	10.92%	
31-Mar-19	2,326,970,778.39	22,420,238.56	0.96%	10.97%	
30-Apr-19	2,364,881,645.08	21,596,982.64	0.91%	10.42%	
31-May-19	2,379,257,388.41	19,782,842.05	0.83%	9.53%	
30-Jun-19	2,428,381,445.85	24,244,575.65	1.00%	11.34%	

\*CPR (Constant Prepayment Rate) is calculated as:  $(1 - (1 - \text{SMM})^{12})$ , where SMM is the Single Monthly Mortality defined as  $(\text{Aggregate Collateral Principal Balance of Loans prepaid in month}) / (\text{Aggregate Collateral Principal Balance of Loans})$



## **THE BACK-UP SERVICING AND COLLECTION AGENT**

Link Financial Outsourcing Limited (“**Link**”) is part of the Link Financial Group, a trusted provider of outsourced loan management, standby and servicing solutions. The Link Financial Group has been working with European financial institutions since 1998, managing more than 2.5 million individual and business accounts across seven European countries. In the UK, Link services a wide range of credit lines including credit cards, consumer loans, mortgages, student loans, auto finance, utility receivables and equipment lease agreements. The company is recognised by the market as being best in class, Standard and Poor’s rates it as “Strong” in the Special Servicing division and “Above Average” in the Primary Servicing division. Link is regularly selected by originators, investors and arranging banks to provide Back-up Servicing to their transactions due to the strength and depth of its servicing operation and management teams.

The Link Financial Group is one of the founders of the European debt purchase market operating in seven European countries, employing 750 people and managing more than 2.5 million retail and SME accounts. The Link Financial Group is wholly owned by LCH European Portfolio Holdings.

## **THE INTEREST RATE CAP PROVIDER**

NatWest Markets Plc (the “**Bank**”) is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (the “**holding company**”), a banking and financial services group. The Bank provides corporate and institutional customers with financing and risk management solutions, with a focus on rates, currencies and financing products.

The “**NWM Group**” comprises the Bank and its subsidiary and associated undertakings. The “**RBS Group**” comprises the holding company and its subsidiary and associated undertakings, including the NWM Group.

As at 31 December 2018, the NWM Group had total assets of £247.8 billion and owners’ equity of £9.0 billion and the Bank had a total capital ratio of 21.5% and a CET1 capital ratio of 15.6%. Full financial information relating to the NWM Group can be found in its latest financial results release (<https://investors.rbs.com/~media/Files/R/RBS-IR/results-center/15-02-2019/natwest-markets-annual-report-15-02-2019.pdf>).

The long-term, unsecured and unsubordinated debt obligations of the Bank are rated “A-” by Standard & Poor’s, “A” by Fitch and “Baa2” by Moody’s. The Bank’s counterparty risk assessment is “A3(cr)” by Moody’s. As at the date of this Prospectus, the Bank has securities admitted to trading on the regulated market of the London Stock Exchange.

**THE CASH MANAGER AND CALCULATION AGENT, THE ISSUER ACCOUNT BANK, THE PRINCIPAL PAYING AGENT, THE REGISTRAR AND THE TRUSTEE**

Citibank, N.A., London Branch is a national association formed through its Articles of Association obtained in its charter, 1461, 17 July 1865, and governed by the laws of the United States and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

The Registrar is Citigroup Global Markets Europe AG which is incorporated in Germany with registration number HRB 88301 and is 100 *per cent.* owned by Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, a limited partnership with registered offices in Frankfurt/Main.

The Trustee is Citibank, N.A., London Branch which is a national association formed through its Articles of Association, obtained in its charter, 1461, 17 July 1865, and governed by the laws of the United States and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

Pursuant to the Trust Deed, the Trustee is required to take certain actions as described in "*Certain Transaction Documents – Trust Deed*" and "*Terms and Conditions of the Notes*".

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties thereunder or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Property and has no responsibility in relation to the legality, validity, sufficiency or enforceability of the Security and the Transaction Documents.

## KEY STRUCTURAL FEATURES

### Credit Enhancement and Liquidity Support

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the Transaction which enhance the likelihood of timely receipt of payments by the Noteholders as follows:

- The Loan Portfolio has characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes. Available Interest Proceeds are expected to exceed interest due and payable on the Rated Notes and Senior Expenses of the Issuer (including the Issuer Corporate Benefit).
- On each Note Payment Date all amounts standing to the credit of the Cash Reserve Account will be transferred to the Issuer Transaction Account for application as Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments, any Senior Interest Deficiency on any Note Payment Date may be funded by transferring amounts standing to the credit of the Liquidity Reserve Account to the Issuer Transaction Account for application to such Senior Interest Deficiency and, any Remaining Senior Interest Deficiency on any Note Payment Date may be funded by applying amounts otherwise constituting Available Principal Proceeds to such Remaining Senior Interest Deficiency.
- Payments of interest on each Class of Notes are made on a *pro rata* and *pari passu* basis up to their respective Interest Amount and may (other than in respect of the Most Senior Class of Notes and the Class Z Notes) be deferred where the Issuer has insufficient proceeds.
- Payments of principal of each Class of Notes are made (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis up to their respective Repayment Amounts (except the Class X Notes), and (ii) at any time on or following a Sequential Amortisation Trigger Event, in Sequential Order until each respective Class of Notes is redeemed in full.
- Default Amounts in respect of Defaulted Loans together with payments of Available Principal Proceeds to cover Remaining Senior Interest Deficiencies are allocable to the Classes of Notes in reverse Sequential Order in the applicable Principal Deficiency Ledger, *first* to the Class Z Principal Deficiency Ledger, *second*, to the Class E Principal Deficiency Ledger *third*, to the Class D Principal Deficiency Ledger, *fourth*, to the Class C Principal Deficiency Ledger, *fifth*, to the Class B Principal Deficiency Ledger, and *sixth* to the Class A Principal Deficiency Ledger.
- The Issuer Accounts earn or charge interest at a rate agreed from time to time between the Issuer and the Issuer Account Bank (and where the Issuer and Issuer Account Bank fail to agree, at such rate of interest as is then offered or charged by the Issuer Account Bank on similar accounts).
- The Issuer will apply the net proceeds from the issue of the Notes to pay the Purchase Price to the Sellers in respect of the Loan Portfolio pursuant to the Receivables Sale and Assignment Agreement. In addition, the Issuer will, on the Closing Date, make a drawing under the Subordinated Loan Agreement. The Issuer will apply the proceeds of the drawing under the Subordinated Loan Agreement, among other items, as follows: (i) to make a deposit in an amount equal to the Cash Reserve Required Amount into the Cash Reserve Account; (ii) to make a deposit in an amount equal to the Liquidity Reserve Required Amount into the Liquidity Reserve Account; (iii) to purchase the Interest Rate Cap on the Closing Date; and (iv) to pay any amount of Purchase Price in respect of the Loan Portfolio not paid by the net proceeds from the issue of the Notes.

Each of these factors is considered in more detail below.

#### *Credit Support for the Notes provided by Available Interest Proceeds*

It is expected that, during the life of the Notes, the interest payable by Funding Circle Borrowers on the Purchased Loan Receivables will, assuming that all of the Purchased Loan Receivables are fully performing, be sufficient so that the Available Interest Proceeds will be available to pay the amounts payable under items (a) to (v) of the Pre-Acceleration Interest Priority of Payments. The actual amount of any excess will vary during the life of the Notes. One of the key factors determining such variation is the performance of the Loan Portfolio.

Available Interest Proceeds may be applied (after making payments or provisions ranking higher in the Pre-Acceleration Interest Priority of Payments) on each Note Payment Date towards reducing any Principal Deficiency Ledger entries (which may arise from, among other things, (i) Default Amounts arising on the Loan Portfolio, or (ii) the application of Available Principal Proceeds to cover any previous Remaining Senior Interest Deficiency).

To the extent that the amount of Available Interest Proceeds on each Note Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to items (a) to (m) of the Pre-Acceleration Interest Priority of Payments, such excess is available to replenish the Liquidity Reserve Account up to and including an amount equal to the Liquidity Reserve Required Amount.

To the extent that the amount of Available Interest Proceeds on each Note Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to items (a) to (n)(i) of the Pre-Acceleration Interest Priority of Payments, such excess is available to replenish and increase the Cash Reserve Account up to and including an amount equal to the Cash Reserve Required Amount.

*Credit support provided by use of Cash Reserve Account*

On the Closing Date, the Issuer will credit an amount equal to the Cash Reserve Required Amount to the Cash Reserve Account for the purpose of establishing a cash reserve. The Cash Reserve Required Amount on the Closing Date will be equal to 1.75 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date. The Cash Reserve Required Amount will subsequently increase (before amortising) and such increase will be funded through the trapping of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments.

On each Note Payment Date occurring prior to delivery of an Enforcement Notice, all amounts standing to the credit of the Cash Reserve Account will be transferred to the Issuer Transaction Account for application as Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments.

*Use of Liquidity Reserve Account to fund a Senior Interest Deficiency*

On the Closing Date, the Issuer will credit an amount equal to the Liquidity Reserve Required Amount to the Liquidity Reserve Account for the purpose of establishing a liquidity reserve.

On or before each Calculation Date occurring prior to the earlier to occur of the delivery of an Enforcement Notice and the Final Rated Note Payment Date, the Cash Manager and Calculation Agent will determine based on the Servicing Report whether there is a Senior Interest Deficiency and if there is, then the Issuer shall pay or provide for that Senior Interest Deficiency by transferring amounts standing to the credit of the Liquidity Reserve Account (if any), in an amount equal to such Senior Interest Deficiency (or, if less, the total amount standing to the credit of the Liquidity Reserve Account), to the Issuer Transaction Account on each Note Payment Date and applying such amount as Available Interest Proceeds to cover the deficit on such Note Payment Date.

*Use of Available Principal Proceeds to fund a Remaining Senior Interest Deficiency*

On or before each Calculation Date occurring prior to the earlier to occur of the delivery of an Enforcement Notice and the Final Rated Note Payment Date, the Cash Manager and Calculation Agent will determine based on the Servicing Report whether there is a Remaining Senior Interest Deficiency and if there is, then the Issuer shall pay or provide for that Remaining Senior Interest Deficiency by applying an amount of Available Principal Proceeds equal to such Remaining Senior Interest Deficiency as Available Interest Proceeds to cover the deficit on the immediately succeeding Note Payment Date by transferring such amounts to the Issuer Transaction Account on such Note Payment Date (and the Cash Manager and Calculation Agent shall make a corresponding entry against the applicable Principal Deficiency Ledgers), **provided that** no Available Principal Proceeds may be applied in order to cure a Remaining Senior Interest Deficiency if and to the extent the debit balance of the Principal Deficiency Ledger of the then Most Senior Class of Notes is or would exceed 100 *per cent.* of the then aggregate Principal Amount Outstanding of the then Most Senior Class of Notes.

The applicable Principal Deficiency Ledgers will be debited on each Note Payment Date by an amount equal to the amount of any Available Principal Proceeds applied to fund a payment of a Remaining Senior Interest Deficiency arising on that Note Payment Date, as well as any Default Amounts for the related Collection Period, in reverse Sequential Order.

For more information about the application of Available Principal Proceeds as Available Interest Proceeds see the section entitled “*Cashflows and Cash Management*”.

*Payment of interest on the Notes in Sequential Order and deferral of payments on the Notes*

Payments of interest on the Classes of Notes will be paid in Sequential Order (so that payments of interest on the Class Z Notes will be subordinated to payments of interest on the Class X Notes, Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes; payments of interest on the Class X Notes will be subordinated to payments of interest on the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes; payments of interest on the Class E Notes will be subordinated to payments of interest on the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes; payments of interest on the Class D Notes will be subordinated to payments of interest on the Class C Notes, the Class B Notes and the Class A Notes; payments of interest on the Class C Notes will be subordinated to payments of interest on the Class B Notes and the Class A Notes; and payments of interest on the Class B Notes will be subordinated to payments of interest on the Class A Notes) in accordance with the relevant Priority of Payments.

For so long as they are not the Most Senior Class of Notes, the Issuer shall only be obliged to, pay any Interest Amount payable in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class X Notes in full on any Note Payment Date or to pay the Class Z Interest Amount, in each case to the extent that there are Available Interest Proceeds for payment thereof in accordance with the Priority of Payments.

In accordance with Condition 6(c) (*Deferral of Interest*), for so long as they are not the Most Senior Class of Notes, any Interest Amount due on a Note Payment Date in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class X Notes will not be payable on such Note Payment Date, but will instead be deferred until the first Note Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer’s liabilities of a higher priority and subject to and in accordance with the Conditions) to fund the payment of Deferred Interest to the extent of such available funds.

Such Deferred Interest will accrue Additional Interest at the rate of interest applicable to that Class in accordance with Condition 6(e) (*Interest on the Rated Notes, Class E Notes and Class X Notes*), and payment of any Additional Interest will also be deferred until the first Note Payment Date thereafter on which funds are available (subject to and in accordance with the Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.

For so long as they are not the Most Senior Class of Notes, failure to pay any Deferred Interest or Additional Interest to holders of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class X Notes, as applicable, will not be an Event of Default until the Final Maturity Date or any earlier date of redemption in full of such Class of Notes and any such amount which has not then been paid in respect of the relevant Class of Notes will thereupon become due and payable in full.

It is not intended that any surplus will be accumulated by the Issuer, other than, for the avoidance of doubt, the Issuer Corporate Benefit and, until the Final Rated Note Payment Date, amounts standing to the credit of the Cash Reserve Account.

*The Principal Deficiency Ledgers*

Six Principal Deficiency Ledgers (one relating to each Class of Notes other than the Class X Notes) will be established on the Closing Date. On or before each Calculation Date, the Cash Manager and Calculation Agent will determine, among other things, the following amounts (based on information provided by the Servicing and Collection Agent with respect to the Loan Portfolio) and record them as debit entries on the Principal Deficiency Ledgers:

- (a) any Default Amounts on the Purchased Loan Receivables in the Loan Portfolio in the immediately preceding Collection Period; and
- (b) any Available Principal Proceeds to be applied to meet any Remaining Senior Interest Deficiency.

Without double counting, Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency recorded on the Class A Principal Deficiency Ledger shall be recorded in respect of the Class A Notes. Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency recorded on the Class B Principal Deficiency Ledger shall be recorded in respect of the Class B Notes. Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency recorded on the Class C Principal Deficiency Ledger shall be recorded in respect of the Class C Notes. Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency recorded on the Class D Principal Deficiency Ledger shall be recorded in respect of the Class D Notes. Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency recorded on the Class E Principal Deficiency Ledger shall be recorded in respect of the Class E Notes. Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency recorded on the Class Z Principal Deficiency Ledger shall be recorded in respect of the Class Z Notes.

Default Amounts and the amount of any Available Principal Proceeds applied to fund a Remaining Senior Interest Deficiency will be recorded as a debit to the relevant Principal Deficiency Ledger as follows:

- (a) *first*, to the Class Z Principal Deficiency Ledger up to a maximum of the Class Z Principal Deficiency Limit;
- (b) *second*, to the Class E Principal Deficiency Ledger up to a maximum of the Class E Principal Deficiency Limit;
- (c) *third*, to the Class D Principal Deficiency Ledger up to a maximum of the Class D Principal Deficiency Limit;
- (d) *fourth*, to the Class C Principal Deficiency Ledger up to a maximum of the Class C Principal Deficiency Limit;
- (e) *fifth*, to the Class B Principal Deficiency Ledger up to a maximum of the Class B Principal Deficiency Limit; and
- (f) *sixth*, to the Class A Principal Deficiency Ledger up to a maximum of the Class A Principal Deficiency Limit.

Amounts debited to a Principal Deficiency Ledger shall be reduced to the extent of Available Interest Proceeds available for such purpose on each Note Payment Date in accordance with the Pre-Acceleration Interest Priority of Payments as follows:

- (a) *first*, to the Class A Principal Deficiency Ledger to reduce the debit balance to zero;
- (b) *second*, to the Class B Principal Deficiency Ledger to reduce the debit balance to zero;
- (c) *third*, to the Class C Principal Deficiency Ledger to reduce the debit balance to zero;
- (d) *fourth*, to the Class D Principal Deficiency Ledger to reduce the debit balance to zero;
- (e) *fifth*, to the Class E Principal Deficiency Ledger to reduce the debit balance to zero; and
- (f) *sixth*, to the Class Z Principal Deficiency Ledger to reduce the debit balance to zero.

On or before each Calculation Date, the Cash Manager and Calculation Agent will calculate the then current balance of each Principal Deficiency Ledger and will apply Available Interest Proceeds (to the extent available for such purpose) to cure any debit entries on the immediately following Note Payment Date in accordance with the Pre-Acceleration Interest Priority of Payments.

*Interest Rate Cap*

Availability of an Interest Rate Cap provided by the Interest Rate Cap Provider to hedge against the possible variance between the fixed rate of interest received by the Issuer on the Purchased Loan Receivables and the SONIA-based interest payable in respect of the Rated Notes, the Class E Notes and the Class X Notes. Payments made by the Interest Rate Cap Provider under the Interest Rate Cap will constitute the Available Interest Proceeds (other than as provided under paragraph (c) of the definition thereof) and be distributed by the Issuer in accordance with the applicable Priority of Payments.

*Issuer Transaction Account*

All monies held by the Issuer will be deposited in the Issuer Transaction Account in the first instance other than amounts to be credited to the Cash Reserve Account in respect of the Cash Reserve Required Amount, the Liquidity Reserve Account in respect of the Liquidity Reserve Required Amount, the Corporate Benefit Account and any Swap Collateral delivered pursuant to the Interest Rate Cap. On each Note Payment Date, monies held for application towards the applicable Priority of Payments will be transferred to the Issuer Transaction Account. On each Note Payment Date, subject to there being sufficiently cleared funds standing to the credit of the Issuer Transaction Account, the Cash Manager and Calculation Agent will instruct the Issuer Account Bank on the Issuer's behalf to transfer to the Principal Paying Agent out of the Issuer Transaction Account such amount as may be required to enable the Principal Paying Agent to pay all amounts in respect of the Notes due and payable on such date. Each Issuer Account and the Corporate Benefit Account is maintained with the Issuer Account Bank.



## CASHFLOWS AND CASH MANAGEMENT

### Cashflows

#### Application of Available Interest Proceeds prior to service of an Enforcement Notice

##### *Cash Reserve Account*

On the Closing Date, an account will be established by the Issuer called the Cash Reserve Account. The Cash Reserve Account will be funded on the Closing Date by way of a drawing under the Subordinated Loans in an amount equal to the Cash Reserve Required Amount.

The Cash Manager and Calculation Agent will maintain a Cash Reserve Ledger pursuant to the Cash Management and Calculation Agency Agreement to record the balance from time to time of the Cash Reserve Account.

After the Closing Date, the Cash Reserve Account will be replenished on each Note Payment Date occurring prior to delivery of an Enforcement Notice from Available Interest Proceeds in accordance with the provisions of the Pre-Acceleration Interest Priority of Payments up to the Cash Reserve Required Amount which shall be: (i) on the Closing Date £4,375,170.94 (being an amount equal to 1.75 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date); (ii) on each Note Payment Date thereafter prior to the Final Rated Note Payment Date, the lesser of (A) £6,875,268.62 (being an amount equal to 2.75 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date) and (B) an amount equal to 5.50 *per cent.* of the aggregate Principal Amount Outstanding of the Rated Notes prior to giving effect to any redemption of the Notes on such Note Payment Date; (iii) on and from the Final Rated Note Payment Date, zero; (iv) on the Note Payment Date on which the Clean-Up Call Option or the Portfolio Option is exercised, zero; and (v) immediately following the delivery of an Enforcement Notice, zero.

Following the earlier to occur of (i) delivery of an Enforcement Notice, and (ii) the Final Rated Note Payment Date, the Issuer will not be required to maintain the Cash Reserve Account and the Cash Reserve Required Amount will be zero, at which point, amounts standing to the credit of the Cash Reserve Account will be transferred to the Issuer Transaction Account and applied as Available Interest Proceeds in accordance with the applicable Priority of Payments.

##### *Liquidity Reserve Account*

On the Closing Date, an account will be established by the Issuer called the Liquidity Reserve Account. The Liquidity Reserve Account will be funded on the Closing Date by way of a drawing under the Subordinated Loans in an amount equal to the Liquidity Reserve Required Amount.

The Cash Manager and Calculation Agent will maintain a Liquidity Reserve Ledger pursuant to the Cash Management and Calculation Agency Agreement to record the balance from time to time of the Liquidity Reserve Account.

After the Closing Date, the Liquidity Reserve Account will be replenished on each Note Payment Date occurring prior to delivery of an Enforcement Notice from Available Interest Proceeds in accordance with the provisions of the Pre-Acceleration Interest Priority of Payments up to the Liquidity Reserve Required Amount which shall be: (i) on the Closing Date and on each Note Payment Date up to but excluding the Final Rated Note Payment Date, GBP625,024.42 (being an amount equal to 0.25 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date); (ii) on each Note Payment Date on and from the Final Rated Note Payment Date, zero; and (iii) on the Note Payment Date on which the Clean-Up Call Option or the Portfolio Option is exercised, zero.

Following the earlier to occur of (i) delivery of an Enforcement Notice, and (ii) the Final Rated Note Payment Date, the Issuer will not be required to maintain the Liquidity Reserve Account and the Liquidity Reserve Required Amount will be zero, at which point, amounts standing to the credit of the Liquidity Reserve Account will be transferred to the Issuer Transaction Account and applied as Available Interest Proceeds in accordance with the applicable Priority of Payments.

*Application of Cash Reserve Account*

On each Note Payment Date occurring prior to delivery of an Enforcement Notice and the Final Rated Note Payment Date, all amounts standing to the credit of the Cash Reserve Account will be transferred to the Issuer Transaction Account for application as Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments.

*Application of Liquidity Reserve Account to cover Senior Interest Deficiencies*

On or before each Calculation Date occurring prior to the earlier to occur of the delivery of an Enforcement Notice and the Final Rated Note Payment Date, the Cash Manager and Calculation Agent will determine based on the Servicing Report (subject to the Interest Rate Cap Provider providing the calculations of the amounts referred to in paragraph (c) of the definition of Available Interest Proceeds) whether Available Interest Proceeds (but ignoring any amounts referred to in paragraphs (e) to (h) of the definition of Available Interest Proceeds) will be sufficient to pay all items of the Pre-Acceleration Interest Priority of Payments up to and including all Interest Amounts then due and payable on the then Most Senior Class of Notes on the next Note Payment Date. If the Cash Manager and Calculation Agent determines that there is a deficiency in the amount of Available Interest Proceeds (but ignoring any amounts referred to in paragraphs (e) to (h) of the definition of Available Interest Proceeds) available to pay all such items of the Pre-Acceleration Interest Priority of Payments (the amount of the deficit being the “**Senior Interest Deficiency**”), then the Issuer shall pay or provide for that Senior Interest Deficiency by transferring amounts on or prior to each Note Payment Date standing to the credit of the Liquidity Reserve Account (if any), in an amount equal to such Senior Interest Deficiency (or, if less, the total amount standing to the credit of the Liquidity Reserve Account), to the Issuer Transaction Account and applying such amount as Available Interest Proceeds to cover the deficit on the immediately succeeding Note Payment Date.

*Application of Available Principal Proceeds to cover Remaining Senior Interest Deficiencies*

On or before each Calculation Date occurring prior to delivery of an Enforcement Notice, the Cash Manager and Calculation Agent will determine based on the Servicing Report whether Available Interest Proceeds (but ignoring any amounts referred to in paragraphs (f) to (g) of the definition of Available Interest Proceeds) will be sufficient to pay all items of the Pre-Acceleration Interest Priority of Payments up to and including all Interest Amounts then due and payable on the then Most Senior Class of Notes on the next Note Payment Date. If the Cash Manager and Calculation Agent determines that there is a deficiency in the amount of Available Interest Proceeds (but ignoring any amounts referred to in paragraphs (f) to (g) of the definition of Available Interest Proceeds) available to pay all such items of the Pre-Acceleration Interest Priority of Payments, **provided that** no Available Principal Proceeds may be applied in order to cure a Remaining Senior Interest Deficiency if and to the extent the debit balance of the Principal Deficiency Ledger of the then Most Senior Class of Notes is or would exceed 100 per cent. of the then aggregate Principal Amount Outstanding of the then Most Senior Class of Notes (the amount of the deficit being the “**Remaining Senior Interest Deficiency**”), then the Issuer shall pay or provide for that Remaining Senior Interest Deficiency by applying an amount of Available Principal Proceeds equal to such Remaining Senior Interest Deficiency as Available Interest Proceeds to cover the deficit on the immediately succeeding Note Payment Date by transferring such amount to the Issuer Transaction Account on or prior to each Note Payment Date (and the Cash Manager and Calculation Agent shall make a corresponding entry against the applicable Principal Deficiency Ledgers).

*Application of Available Interest Proceeds prior to the occurrence of an Enforcement Event*

On each Note Payment Date falling prior to the occurrence of an Enforcement Event, the Issuer shall, or shall cause the Cash Manager and Calculation Agent to, apply all Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments (in each case if and to the extent payments of a higher order of priority have been made in full and to the extent permitted by applicable law).

*Application of Available Principal Proceeds prior to the occurrence of an Enforcement Event*

On each Note Payment Date falling prior to the occurrence of an Enforcement Event, the Issuer shall, or shall cause the Cash Manager and Calculation Agent to, apply all Available Principal Proceeds in accordance with the Pre-Acceleration Principal Priority of Payments (in each case if and to the extent payments of a higher order of priority have been made in full and to the extent permitted by applicable law).

*Application of all amounts standing to the credit of the Issuer Transaction Account and certain proceeds from the enforcement of the Security or otherwise recovered by the Trustee following the occurrence of an Enforcement Event*

On each Note Payment Date (or on such other date as the Trustee instructs in writing in accordance with the Transaction Documents) following the delivery of an Enforcement Notice, the Cash Manager and Calculation Agent shall cause all amounts standing to the credit of the Issuer Transaction Account and all proceeds (other than amounts representing (i) any Excess Swap Collateral which shall be returned directly to an Interest Rate Cap Provider (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (ii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Interest Rate Cap Provider), (iii) any Swap Tax Credits, which shall be applied directly to an Interest Rate Cap Provider in accordance with the Cash Management and Calculation Agency Agreement, and (iv) prior to the designation of an early termination date under an Interest Rate Cap and the resulting application of the Swap Collateral by way of netting or set-off, all Swap Collateral provided by an Interest Rate Cap Provider to the Issuer pursuant to an Interest Rate Cap (and any interest or distributions in respect thereof)) from the enforcement of the Security or otherwise recovered by the Trustee (which shall be held by the Trustee on trust) to be applied in payment, in the amounts required, in accordance with the Post-Acceleration Priority of Payments.

## CERTAIN TRANSACTION DOCUMENTS

*The following section contains an overview of the material terms of the principal Transaction Documents. The overview does not purport to be complete and is subject to the provisions of the applicable Transaction Documents.*

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

### **Master Framework Agreement**

The Transaction Parties will enter into a Master Framework Agreement on or before the Closing Date, pursuant to which they will agree that certain defined terms and other provisions will apply to and be incorporated into all or some of the Transaction Documents as set out therein.

### *Limited Recourse*

Notwithstanding any of the provisions of the Conditions or any other Transaction Document, each Noteholder will by its subscription for, or purchase of, a Note, be deemed to have acknowledged and each of the Transaction Parties (other than the Issuer) will agree that if the net proceeds of realisation of the security constituted by the Charge and Assignment are less than the aggregate amount payable by the Issuer to the Noteholders and any other Secured Creditors in respect of its debts, liabilities or obligations under the Transaction Documents (such negative amount being referred to as a “shortfall”), the amount payable by the Issuer to the Noteholders and each other Secured Creditor in respect of the Issuer’s obligations under such Transaction Documents shall be reduced to such amount of the net proceeds as shall be applied in accordance with the Charge and Assignment and the Priority of Payments, and such parties shall not (directly or indirectly) be entitled to take any further steps against the Issuer to recover such shortfall, which shall be deemed to be automatically extinguished.

### *Non-Petition*

Each Noteholder acknowledges and each of the Transaction Parties (other than the Issuer) agrees that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings under any applicable bankruptcy or similar law in connection with any claims, debts or obligations of the Issuer under the Notes or the Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation to such Transaction Documents. For the avoidance of doubt, nothing in Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*) shall prevent the Trustee enforcing the security constituted by the Charge and Assignment in accordance with its terms, **provided that** in connection with any such enforcement neither the Trustee nor any Receiver appointed thereunder shall take any steps or proceedings to procure the winding up or liquidation of the Issuer.

### *Corporate Obligations*

Each Noteholder acknowledges and each of the Transaction Parties (other than the Issuer) agrees that no recourse under any obligation, covenant, or agreement of the Issuer contained in any Transaction Document may be sought by it against any shareholder, officer, agent, employee or director of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the Transaction Documents are corporate obligations of the Issuer only. Each Noteholder acknowledges and each of the Transaction Parties (other than the Issuer) agrees that no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in any Transaction Document, or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution,

of every such shareholder, officer, agent, employee or director is hereby deemed expressly waived by the Noteholders and the Transaction Parties hereto.

*Secured Obligations*

Each Noteholder and each of the Transaction Parties (other than the Trustee) agrees that if any amount is received by it (including by way of set-off) in respect of any Secured Obligation owed to it other than in accordance with the provisions of the Charge and Assignment and the Trust Deed, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Charge and Assignment and the Trust Deed, as applicable, shall be received and held by it as trustee (except in the case of the Cash Manager and Calculation Agent, the Principal Paying Agent, the Registrar and the Issuer Account Bank which will hold such funds as banker and to the order of the Trustee) for the Trustee and shall be paid over to, or to the order of, the Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Charge and Assignment and the Trust Deed.

*Governing Law*

The Master Framework Agreement and any non-contractual obligations arising out of or in connection with the Master Framework Agreement, will be governed by and construed in accordance with English law.

**Receivables Sale and Assignment Agreement**

The Issuer, the Sellers, the Trustee and the Servicing and Collection Agent will enter into the Receivables Sale and Assignment Agreement on or before the Closing Date.

*Sale of the Loan Portfolio*

Pursuant to the terms of the Receivables Sale and Assignment Agreement, and in accordance with the terms of the related Loan Agreements, each Seller will sell its right, title, benefit and interest in, to and under a portfolio of Loan Receivables held by it (collectively referred to herein as the “**Loan Portfolio**”) to the Issuer on the Closing Date. Each Seller shall, or shall procure that the Servicing and Collection Agent shall, notify each Funding Circle Borrower in respect of each Purchased Loan Receivable which it has sold to the Issuer of the sale and assignment of such Purchased Loan Receivables pursuant to the Receivables Sale and Assignment Agreement and of the Issuer’s ownership of such Purchased Loan Receivable (identifying the Issuer as the Funding Circle Investor in respect of such Purchased Loan Receivable of such Funding Circle Borrower), on the Closing Date, by e-mail to the Funding Circle Borrower’s registered e-mail address in accordance with the relevant Loan Agreements or by such other method as the Issuer, Funding Circle and the Trustee may agree. The sale by each Seller to the Issuer of the Loan Receivables in the Loan Portfolio will be given effect to by sale and assignment. The Purchase Price in respect of the Loan Portfolio will be due to the Sellers on the Closing Date. It is the intention of the parties that the purchase of the Purchased Loan Receivables will take economic effect as of the Loan Portfolio Cut-Off Date. Each Seller will irrevocably undertake to hold on trust the Loan Receivable Proceeds received in respect of each Purchased Loan Receivable which it has sold from (but excluding) the Loan Portfolio Cut-Off Date up to and including the Closing Date for and to the order of the Issuer and transfer such Loan Receivable Proceeds net of an amount equal to the Intermediary Services Fee which has accrued between 1 October 2019 until 31 October 2019 to the Issuer after the Closing Date within 2 Business Days of identification.

No searches, enquiries or independent investigation of title of the types which a prudent purchaser or lender would normally be expected to carry out have been or will be made by the Issuer or the Trustee and the Issuer is relying entirely on the representations and warranties and purchase and payment obligations set out in the Receivables Sale and Assignment Agreement. Pursuant to the Receivables Sale and Assignment Agreement, each of the Servicing and Collection Agent, each Seller, the Issuer and the Trustee shall, as soon as they become aware thereof, give notice to each of the other such parties of any breach of a Funding Circle Warranty or a Seller Asset Warranty.

The Loan Portfolio does not contain transferrable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU, derivative instruments or securitisation positions.

As each Seller is a company incorporated under the laws of Ireland, the sale and assignment of the Purchased Loan Receivables may, in principle, be avoided or set aside following an insolvency of either Seller under Irish insolvency rules if such assignment was at an undervalue or created a preference in favour of certain creditors of such Seller. However, the risk of the assignment being characterised as an undervalue is mitigated by the purchase

price paid for the Purchased Loan Receivables being equal to the net present value of the Purchased Loan Receivables, calculated at a commercially reasonable discount rate.

#### *Transfer Requirements*

Pursuant to the relevant terms of the Loan Agreement with respect to the Purchased Loan Receivable, any Funding Circle Investor may transfer his or her right, title and interest in such Loan Agreement, and all of its associated rights and obligations, to any other registered investor on the Funding Circle Platform. Any such transfer shall be effected by the transferor and transferee entering into a transfer certificate in the form specified in such Loan Agreement.

The Issuer shall be accepted as a registered investor on the Funding Circle Platform on and subject to the terms of the Funding Circle Mandate Letter. Pursuant to the Receivables Sale and Assignment Agreement, on the Closing Date, each Seller and the Issuer shall enter into a Transfer Certificate in respect of the Purchased Loan Receivables which such Seller has sold in substantially the form set out in the Schedule thereto.

In the event that the Issuer is required to transfer any Purchased Loan Receivable following the occurrence of an Enforcement Event, it will constitute a Servicing Termination Event if Funding Circle does not give its consent for a proposed purchaser of Purchased Loan Receivables to become a member of the Funding Circle Platform.

#### *Funding Circle Warranties and Purchase and Payment Obligations*

Pursuant to the Receivables Sale and Assignment Agreement, on the Closing Date, Funding Circle will make the following representations and warranties to the Issuer and the Trustee (the “**Funding Circle Warranties**”) regarding the Purchased Loan Receivables as at the relevant Determination Date or as at such other date as may be stated below:

- (a) the Purchased Loan Receivable was made on the terms of the Funding Circle Standard Documentation in all material respects;
- (b) the Funding Circle Borrower is, to the best of Funding Circle’s knowledge having made reasonable enquiries not a Government Entity;
- (c) the Purchased Loan Receivable was originated in the ordinary course of Funding Circle’s business (in the sole opinion of Funding Circle);
- (d) the origination and credit assessment of the Purchased Loan Receivable was in all material respects in compliance with the Funding Circle Lending Policy and all applicable laws and regulations;
- (e) the Purchased Loan Receivable was guaranteed by at least one Guarantor (in the case of a Funding Circle Borrower being a company limited by shares or a limited liability partnership incorporated in the United Kingdom) and the Purchased Loan Receivable and related guarantee constituted the legal, valid and binding obligations of the Funding Circle Borrower or Guarantor (as applicable), enforceable against the Funding Circle Borrower or Guarantor (as applicable) except as such enforcement may be limited by (i) the effect of applicable bankruptcy, insolvency, examinership or similar laws affecting the enforceability of creditors’ rights and (ii) general equitable policies, and is governed by English law;
- (f) to the best of Funding Circle’s knowledge, having made reasonable enquiries, the Funding Circle Borrower of the Purchased Loan Receivable had been trading for at least two years;
- (g) to the best of Funding Circle’s knowledge, having made reasonable enquiries, the Funding Circle Borrower was not in bankruptcy nor had it been in bankruptcy or insolvency proceedings during the past two years;
- (h) an active direct debit mandate was in place to collect all payments due in respect of the Purchased Loan Receivable, **provided that** this paragraph (h) shall not be warranted as of its Determination Date but instead as of the date the initial Advance was made in respect of the relevant Purchased Loan Receivable;
- (i) immediately following the initial advance in respect of such Loan Receivable, (i) the original lender was the sole legal and beneficial owner of such Purchased Loan Receivable free and clear of all adverse claims, and (ii) Funding Circle has no right, interest or title in (nor, at any time since such initial advance was made, has it had any right, interest or title in) such Purchased Loan Receivable except, in both cases,

as set forth in, or permitted under, the Transaction Documents or, prior to the Closing Date, the Origination Agreement or any servicing and collection agreements entered into by the original lender and Funding Circle in respect of such Purchased Loan Receivable, and **provided that** this paragraph (i) shall not be warranted as of its Determination Date but instead as of the date the initial Advance was made in respect of the relevant Purchased Loan Receivable;

- (j) the Purchased Loan Receivable is a whole loan (that is, there is only one investor in respect of such Purchased Loan Receivable at any point in time in accordance with the Funding Circle Standard Documentation);
- (k) the Purchased Loan Receivable was not a Defaulted Loan or a Delinquent Loan;
- (l) the Purchased Loan Receivable had not been modified, restricted, deferred or re-aged;
- (m) the Funding Circle Borrower was, to the best of Funding Circle's knowledge having made reasonable queries, domiciled in the United Kingdom, and either (i) a company limited by shares or a limited liability partnership incorporated in the United Kingdom (as evidenced by a search at the Companies Registry, Cardiff); (ii) a UK-resident individual sole trader; (iii) a partnership solely comprising UK-resident individual partners; or (iv) a partnership comprising both (A) a number of partners each of whom is an individual; and (B) a number of partners each of which is a company limited by shares where: (1) each of the partners who is an individual is a UK resident; (2) each of the partners which is a company limited by shares is incorporated in the United Kingdom (as evidenced by a search conducted at the Companies Registry, Cardiff);
- (n) for a Funding Circle Borrower described in paragraphs (m)(ii) to (m)(iv) above that is either a sole trader or a partnership consisting of two or three persons, the Loan Agreement relating to the Purchased Loan Receivable satisfied both (i) and (ii) below and as a result was neither a "regulated credit agreement" as such term is defined in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 nor a "P2P agreement", as defined in the Glossary of the Financial Conduct Authority Handbook:
  - (i) it was for an amount exceeding £25,020; and
  - (ii) it was entered into by the Funding Circle Borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Funding Circle Borrower;
- (o) the Purchased Loan Receivable was denominated in Sterling and is not convertible into any other currency;
- (p) the Purchased Loan Receivable is a fixed rate, interest bearing loan and amortises fully over its contractual term (and is not a "bullet payment loan" or an "interest only loan" (that is, the original principal amount of such Purchased Loan Receivable at origination is not repaid in one payment at the end of the term of such Purchased Loan Receivable with only interest being paid by the relevant Funding Circle Borrower during the term of the Loan Agreement));
- (q) there is no commitment to make any advances to the Funding Circle Borrower under the Purchased Loan Receivable other than the initial Advance to be made;
- (r) to the best of Funding Circle's knowledge having made reasonable enquiries, the Funding Circle Borrower was not an Affiliate of Funding Circle;
- (s) the Loan Agreement: (i) was entered into by the Funding Circle Borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Funding Circle Borrower; (ii) was not subject to any defence, counterclaim, right of set-off or right of rescission; (iii) to the best of Funding Circle's knowledge having made reasonable enquiries, no criminal fraud (or other similar degree of fraud which could be reasonably likely to have a material adverse effect on the relevant Purchased Loan Receivable) has occurred in relation to the relevant Loan Agreement and (iv) is governed by English law;
- (t) Funding Circle has maintained records relating to each Purchased Loan Receivable and related Loan Agreement which is accurate and complete in all material respects and which, to the best of the knowledge of Funding Circle are sufficient to enable such Loan Agreement to be enforced against the relevant Funding Circle Borrower;

- (u) the Purchased Loan Receivable satisfied the Eligibility Criteria; and
- (v) the Purchased Loan Receivable was originated by personnel located outside the US.

Pursuant to the Receivables Sale and Assignment Agreement, if any Funding Circle Warranty was breached in relation to a Purchased Loan Receivable as at the relevant Determination Date (or such other date as the relevant Funding Circle Warranty is given), then Funding Circle shall purchase (or procure that another member of the Funding Circle Group purchases) the relevant Affected Loan for a purchase price equal to the relevant Remedy Amount or pays the Issuer an amount equal to the Remedy Amount in each case on a date falling not later than the relevant Remedy Date.

*Seller Payment Obligations*

Pursuant to the Receivables Sale and Assignment Agreement:

- (a) if:
  - (i) any Glencar XI Purchased Loan Receivable did not satisfy the Eligibility Criteria as at its applicable Determination Date (or at the time otherwise indicated) and Funding Circle has not discharged the applicable Affected Loan Remedy in respect of such Glencar XI Purchased Loan Receivable by the applicable Remedy Date, or
  - (ii) the Seller Asset Warranty was not satisfied in relation to a Glencar XI Purchased Loan Receivable as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable,

then, Glencar XI shall deposit an amount equal to the relevant Remedy Amount in respect of the relevant Affected Loan in the Issuer Transaction Account; and

- (b) if:
  - (i) any Great Trinity Purchased Loan Receivable did not satisfy the Eligibility Criteria as at its applicable Determination Date (or at the time otherwise indicated) and Funding Circle has not discharged the applicable Affected Loan Remedy in respect of such Great Trinity Purchased Loan Receivable by the applicable Remedy Date, or
  - (ii) the Seller Asset Warranty was not satisfied in relation to a Great Trinity Purchased Loan Receivable as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable,

then, Great Trinity shall deposit an amount equal to the relevant Remedy Amount in respect of the relevant Affected Loan in the Issuer Transaction Account,

(any such deposit made by Glencar XI or Great Trinity, a “**Deemed Collection**”) in each case, on a date falling not later than the Remedy Date.

*Seller Asset Warranty*

Pursuant to the Receivables Sale and Assignment Agreement, (a) Glencar XI (in its capacity as a Seller) and solely with respect to the Glencar XI Purchased Loan Receivables; and (b) Great Trinity, solely with respect to the Great Trinity Purchased Loan Receivables, shall represent and warrant that such Purchased Loan Receivable:

- (a) as of the Loan Portfolio Cut-Off Date, is not a Loan Receivable in respect of which any payment of interest or principal or any other amount due and payable thereunder, or part thereof, remains unpaid for more than 5 calendar days past its original due date (including any Loan Receivable that is the subject of a Short Term Payment Plan) other than a Defaulted Loan;
- (b) as of the Loan Portfolio Cut-Off Date, is not a Defaulted Loan; and
- (c) as of the Closing Date, the related Funding Circle Borrower has made at least one scheduled monthly payment under the Loan,

(such warranty, the “**Seller Asset Warranty**”).



*Eligibility Criteria*

Each Purchased Loan Receivable is required to have satisfied the following eligibility criteria (the “**Eligibility Criteria**”) as at its applicable Determination Date (or at the time otherwise stated below):

- (a) it is for a minimum amount of £5,000 (if the Funding Circle Borrower is a limited company) and a maximum amount of £1,000,000;
- (b) it has a term of not less than six (6) months and not more than sixty (60) months;
- (c) it is not:
  - (i) a Property Finance Loan;
  - (ii) a Property Development Loan;
  - (iii) a Chattel Mortgage Loan;
  - (iv) an Asset Finance Loan;
  - (v) an All Assets Security Loan; or
  - (vi) a Prohibited Industry loan;
- (d) it is an unsecured loan;
- (e) it had a Risk Band of A+, A, B, C, D or E;
- (f) the Loan had a minimum remaining tenor of three (3) months at the Loan Portfolio Cut-Off Date; and
- (g) the sum of the obligations owed by the Funding Circle Borrower in respect of the Purchased Loan Receivable did not exceed £1,000,000 when aggregated with the outstanding principal amount of other unsecured loans made to the same Funding Circle Borrower.

*Representations and Warranties*

Each Seller will give certain representations and warranties with respect to itself and the Purchased Loan Receivables it is selling pursuant to the Receivables Sale and Assignment Agreement, including that:

- (a) immediately prior to the sale of such Seller’s right, title, benefit and interest to, in and under such Loan Receivables to the Issuer, such Seller was the owner of such Loan Receivable, free and clear of any Security Interest and to the best of its knowledge such Purchased Loan Receivables was not encumbered or otherwise in a condition that could be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect;
- (b) such Seller (or the Servicing and Collection Agent on its behalf) has the capability to identify each relevant Loan Receivable it sells and assigns under the Receivables Sale and Assignment Agreement and included in the relevant List of Loan Receivables; and
- (c) immediately following the sale of the Loan Receivables it owns, the relevant Seller will have no continuing equitable interest in such Loan Receivables and immediately following notification in accordance with clause 5.7 (*Notification*) of the Receivables Sale and Assignment Agreement, such Seller will have no legal title to such Loan Receivables.

*Optional Purchase*

On any Business Day following the Closing Date, Glencar XI or Great Trinity may (but shall not be obliged to) by not less than 30 days’ prior notice to the Issuer (an “**Optional Purchase Notice**”), with a copy to the Trustee, the Retention Holders, the Servicing and Collection Agent and the Cash Manager and Calculation Agent, request that it (or an entity designated by it) purchase the Issuer’s interest in the trust declared over all Purchased Loan Receivables which are, in the case of a notice provided by Glencar XI, Glencar XI Purchased Loan Receivables that have become Defaulted Loans, and in the case of a notice provided by Great Trinity, Great Trinity Purchased Loan Receivables that have become Defaulted Loans (the “**Purchase Option Loans**”) pursuant to the Security

Declaration of Trust. The Issuer may consent to such purchase provided that the following conditions are satisfied: (i) the purchase price is not less than 36.5 per cent. of the Aggregate Collateral Principal Balance of the Purchase Options Loans which are subject of such trust immediately prior to each of them becoming Defaulted Loans; (ii) an Optional Purchase Notice has not been delivered on more than one occasion prior to the Final Payout Date; (iii) such purchase shall not directly negatively affect the then current ratings ascribed to any of the Rated Notes; and (iv) the relevant Seller has delivered a solvency certificate to the Issuer dated as of the date on which such purchase is expected to occur.

#### *No active portfolio management*

The Sellers' rights and obligations in relation to the Purchased Loan Receivables under the Receivables Sale and Assignment Agreement do not constitute active portfolio management for the purposes of articles 20(7) of the Securitisation Regulation.

#### *Governing Law*

The Receivables Sale and Assignment Agreement and any non-contractual obligations arising out of or in connection with the Receivables Sale and Assignment Agreement, are governed by English law.

#### **Servicing Agreement**

The Issuer, the Trustee, FCTL as the Security Holder, the Servicing and Collection Agent and the Cash Manager and Calculation Agent will enter into the Servicing Agreement on or before the Closing Date.

On the Closing Date, Funding Circle as servicing and collection agent (in such capacity, the “**Servicing and Collection Agent**”) will be appointed by the Issuer under the Servicing Agreement as its Servicing and Collection Agent to service the Purchased Loan Receivables. The Servicing and Collection Agent will undertake to comply with any directions and instructions that the Issuer (or any Transaction Party acting on behalf of the Issuer in accordance with the Transaction Documents) or (following the delivery of an Enforcement Notice) the Trustee may from time to time give to it in connection with its duties under, and in accordance with the provisions of the Servicing Agreement. The Servicing and Collection Agent will be required to service the Purchased Loan Receivables in good faith and with the due care that would be exercised by a prudent manager of loans similar to the Purchased Loan Receivables held for its own account or that of others and, where it is a higher standard, with the equivalent diligence and level of care that it would exercise concerning other loans, similar to the Purchased Loan Receivables, originated on the Funding Circle Platform or held for its own account (as the case may be).

#### *Servicing Procedures*

Pursuant to the Servicing Agreement, the Servicing and Collection Agent shall (and it shall procure that each Sub-Contracting Agent shall) in performing the Services comply in all material respects with the Funding Circle Policies, **provided that**, the Servicing and Collection Agent may in relation to any Purchased Loan Receivable decide not to comply with all or any part of the Funding Circle Policies if the Servicing and Collection Agent is of the reasonable opinion that such non-compliance would be exercised by it, in the ordinary course of its business, in respect of any other Loan on the basis that such non-compliance would be in the best interests of any investor on the Funding Circle Platform. Notwithstanding any such non-compliance, the Servicing and Collection Agent shall continue to conduct its duties in accordance with the other provisions of the Servicing Agreement and in all material respects in compliance with all Applicable Laws.

#### *Powers*

The Servicing and Collection Agent will have the full power, authority and right, *inter alia*, to do or cause to be done any and all things which it reasonably considers necessary or advisable to the performance of its duties, subject to certain limitations set out in the Servicing Agreement, including, *inter alia*, that the Servicing and Collection Agent shall not be conferred any powers to enter into contracts in the name of the Issuer other than as provided in the power of attorney granted to Servicing and Collection Agent in accordance with the Servicing Agreement.

#### *Undertakings by the Servicing and Collection Agent*

Pursuant to the Servicing Agreement, the Servicing and Collection Agent will undertake, among other things, that:

- (a) It shall comply in all material respects with all Applicable Laws.
- (b) It shall not sell (or, if applicable, hold in trust), assign (by operation of Applicable Law or otherwise) or otherwise dispose of, or create or suffer to exist any Security Interest (except for a Security Interest created under or pursuant to a Transaction Document) upon or with respect to, the Purchased Loan Receivables except as otherwise expressly provided for in the Servicing Agreement or any other Transaction Documents to which it is a party.
- (c) It shall promptly obtain, comply in all material respects with the terms of and do all that is necessary and within its control to maintain in full force and effect all licenses, approvals, authorisations, consents, registrations and notifications (including, without limitation, authorisations, licences, registrations or notifications required pursuant to the Financial Services and Markets Act 2000 and applicable Data Protection Laws) which are at any time required in connection with the performance of its duties and obligations under the Servicing Agreement or any other Servicing Transaction Document.
- (d) It agrees from time to time, at the Issuer's expense (unless such expense is related to the Servicing and Collection Agent's own obligations under the Servicing Agreement, in such case, at the Servicing and Collection Agent's own expense), to promptly execute and deliver all further instruments, documents and information, and to take all further actions, that may be reasonably necessary or desirable, or that the Issuer or the Trustee may reasonably request, to enable it to (i) prepare accounting or tax returns or financial statements of the Issuer (**provided that** responsibility for filing tax returns or preparing or producing financial statements on behalf of the Issuer shall not be the responsibility of the Servicing and Collection Agent), (ii) to confirm, perfect, protect or more fully evidence the Issuer's ownership of (or any of its or its assigns' interest in) the Purchased Loan Receivables or the Related Security to which the Issuer is entitled, or (iii) to enable the Issuer or its assigns to exercise and enforce their respective rights and remedies under the Servicing Agreement and the other Transaction Documents, **provided that** no Revocation Notice pursuant to the Collection Account Declaration of Trust shall be delivered to the Collection Account Bank unless and until a Revocation Event has occurred.
- (e) It shall respond to a request by the Cash Manager and Calculation Agent for information in writing as soon as reasonably practicable, **provided that** such request relates to information actually in its control and is necessary for the production of the Investor Reports or the calculations related thereto. The Servicing and Collection Agent shall be entitled to redact any Personal Data that forms part of the information requested by the Cash Manager and Calculation Agent.
- (f) It shall deliver to the Back-Up Servicing and Collection Agent information in relation to the Purchased Loan Receivables pursuant to and in accordance with the terms of the Back-Up Servicing Agreement.
- (g) It shall notify the Issuer, the Trustee and the Back-Up Servicing and Collection Agent of any changes to the Servicing and Collection Agent's systems which could reasonably be expected to have a material impact on the Back-Up Servicing and Collection Agent's ability to perform its obligations under the Back-Up Servicing Agreement.
- (h) It shall, at the cost of the Issuer, provide each Rating Agency with such information as such Rating Agency may from time to time reasonably request (including any transfer of the Collection Account to another bank, the service of any Termination Notice, loan-by-loan data relating to the Loan Portfolio on a semi-annual basis and loan-by-loan data relating to Defaulted Loans on a quarterly basis) which is within the possession of the Servicing and Collection Agent, **provided that** such cost shall be deemed to constitute Administrative Expenses to be paid to the Servicing and Collection Agent only in accordance with the relevant Priority of Payments, and **provided further that**, the Servicing and Collection Agent shall be obliged to provide information irrespective of whether the Issuer has sufficient funds to pay such costs on any Note Payment Date, in which case payment of such costs shall be deferred until the next Note Payment Date on which sufficient funds are so available.
- (i) It will promptly give notice to the Trustee and the Issuer of any notice, correspondence or other communication received from or on behalf of any Official Body that any authorisations required for the due execution and delivery by it of the Servicing Agreement and the performance of the services it is required to provide hereunder may be terminated.

*Duties*

The duties of the Servicing and Collection Agent under the Servicing Agreement include:

- (a) performing the functions, duties and obligations of the Servicing and Collection Agent under the Servicing Agreement and the other Servicing Transaction Documents;
- (b) collecting all sums due in relation to the Purchased Loan Receivables and managing the transfer of the Loan Receivable Proceeds in accordance with the Receivables Sale and Assignment Agreement and the Servicing Agreement, including taking (or instructing FCTL to take) any necessary enforcement action against the Funding Circle Borrowers of the Purchased Loan Receivables;
- (c) maintaining for the benefit of the Issuer all Records, other than the Seller Records, relating to the Purchased Loan Receivables (subject, in the case of Records relating to the Related Security of any Purchased Loan Receivable, to the Security Declaration of Trust) in accordance with the Funding Circle Policies and the Servicing Agreement;
- (d) providing certain data administration services in relation to the Purchased Loan Receivables and reporting on the performance of the Purchased Loan Receivables in accordance with the Servicing Agreement;
- (e) providing certain safe custody services in respect of the Records, other than the Seller Records, and the Loan Receivable Documentation, in each case, relating to the Purchased Loan Receivables in accordance with the Servicing Agreement;
- (f) operating and managing the Collection Account in accordance with the Servicing Agreement and the Collection Account Declaration of Trust;
- (g) keeping Records relating to all Purchased Loan Receivables for all taxation purposes for as long as required by law in relation to such Records;
- (h) performing such other functions and obligations as are further set out in the Servicing Agreement and the other Servicing Transaction Documents; and
- (i) complying with any reasonable and proper directions and instructions that the Issuer (or any Transaction Party acting on behalf of the Issuer in accordance with the Transaction Documents) or (following the delivery of an Enforcement Notice) the Trustee may from time to time give to it in connection with its duties under, and in accordance with the provisions of the Servicing Agreement.

*Right of Delegation by Servicing and Collection Agent*

The Servicing and Collection Agent may from time to time and without notice to the other parties to the Servicing Agreement subcontract or delegate its duties as Servicing and Collection Agent under the Servicing Agreement to any other Person (each such Person, a “**Sub-Contracting Agent**”), **provided that:**

- (a) the Servicing and Collection Agent may only subcontract or delegate its duties relating to custody of the Custody Files (i) at any time when Funding Circle is the Servicing and Collection Agent, to an Affiliate of Funding Circle, (ii) if such contracting or delegation is pursuant to a Permitted Debt Recovery Outsourcing or (iii) if it has obtained the prior written consent of the Issuer and the Trustee;
- (b) such sub-contracting or delegation would not prevent the Servicing and Collection Agent or the Issuer from complying in all material respects with any Applicable Laws; and
- (c) the Servicing and Collection Agent shall take all reasonable steps, acting in good faith, to ensure that such sub-contracting or delegation shall not result in the Issuer being in a materially worse Tax position than would have been the case had such sub-contracting or delegation not occurred, it being agreed it would result in the Issuer being in a materially worse Tax position if, without limitation, the Sub-Contracting Agent were unable to make payments under the Servicing Transaction Documents to the Issuer without a Tax Deduction.

Notwithstanding any such subcontracting or delegation arrangement, the Servicing and Collection Agent shall continue to remain solely liable for the performance of its duties and obligations under the Servicing Agreement (whether or not a Sub-Contracting Agent has agreed to perform such duty or obligation) and neither the Issuer nor the Trustee shall have any Liabilities payable to or incurred by such Sub-Contracting Agent or arising from the

entering into, the continuance or the termination of any such arrangement, except for Deductions made in accordance with the Servicing Agreement.

The Servicing and Collection Agent shall ensure that the terms of such subcontracting or delegation arrangement provide that the appointment of a Sub-Contracting Agent in respect of the Purchased Loan Receivables shall, be automatically terminated upon the termination of the Servicing and Collection Agent's appointment under the Servicing Agreement.

#### *Intermediary Services Fee*

In consideration of the Services provided by the Servicing and Collection Agent under the Servicing Agreement and the other Servicing Transaction Documents, the Issuer and the Servicing and Collection Agent acknowledge and agree that the Servicing and Collection Agent shall be entitled to be paid a fee by the Issuer equal to 1 *per cent. per annum* on the Aggregate Collateral Principal Balance of all Purchased Loan Receivables which are Non-Defaulted Loans calculated on a daily basis (excluding any VAT) from 1 November 2019.

The Intermediary Services Fee (together with any VAT) will become payable on the first Note Payment Date following receipt by the Issuer of an invoice from the Servicing and Collection Agent. All Intermediary Service Fees shall be paid by the Issuer on each Note Payment Date in accordance with the applicable Priority of Payments.

The Intermediary Services Fee (together with any VAT) shall not be deducted from the Loan Receivable Proceeds or withdrawn from the Collection Account.

#### *Collections*

Under the Servicing Agreement, the Servicing and Collection Agent, on behalf of the Issuer, agrees to:

- (a) direct and instruct Obligors to pay Loan Receivable Proceeds and any other amounts in respect of the Purchased Loan Receivables (including all direct debits or card payments in respect of such amounts) directly into the Collection Account;
- (b) ensure that Loan Receivable Proceeds that have been received from Obligors into an account not specified in paragraph (a) above are transferred promptly (and in any case within two (2) Business Days (subject to limited exceptions, in accordance with the CASS Rules)) to the Collection Account; and
- (c) ensure that all amounts standing to the credit of the Collection Account on each Business Day are transferred no later than close of business (London time) on such Business Day (or in any case within two (2) Business Days (subject to limited exceptions, in accordance with the CASS Rules)) to the Issuer Transaction Account and deliver instructions to the Collection Account Bank to make such transfer automatically;

**provided that**, notwithstanding the foregoing:

- (i) if and to the extent that the Servicing and Collection Agent reasonably believes that any amount received by it represents both Loan Receivable Proceeds in respect of a Defaulted Loan or a Delinquent Loan and proceeds of a Loan made to the same Funding Circle Borrower and held by a Funding Circle Investor other than the Issuer, the Servicing and Collection Agent may retain such amount in the Collection Account until such time as it has determined (but no later than the close of business on the fifth Business Day after it receives such amounts) how much of the relevant amount represents such Loan Receivable Proceeds and, once it has done so, the Servicing and Collection Agent shall promptly (and, in any event within one Business Day) transfer the amount representing such Loan Receivable Proceeds to the Issuer Transaction Account; and
- (ii) if the Loan Receivable Proceeds held in the Collection Account consist of unscheduled payments of principal or interest in respect of a Purchased Loan Receivable, then such amounts shall be held in the Collection Account and constitute Trust Property, to the extent they remain unidentified as Loan Receivable Proceeds, until such time as such unscheduled payment is identified by the Servicing and Collection Agent and promptly transferred to the Issuer Transaction Account (such transfer to be on the same Business Day of such identification); and

- (iii) any amounts standing to the credit of the Collection Account received by the Servicing and Collection Agent in respect of an Affected Loan transferred to it pursuant to the Receivables Sale and Assignment Agreement from but excluding the date on which the Remedy Amount is paid in respect of such Loan shall not comprise Loan Receivable Proceeds and the Servicing and Collection Agent shall not be required to transfer such amounts to the Issuer Transaction Account,

and, in each case, any amounts conclusively determined by the Servicing and Collection Agent not to constitute Loan Receivable Proceeds shall, from the time of such determination, cease to constitute Trust Property under, and for the purposes of, the Collection Account Declaration of Trust and the Servicing and Collection Agent may transfer such amounts to such other account as it shall select.

#### *Changes to the Collection Account*

Under the Servicing Agreement, the Servicing and Collection Agent undertakes to the Issuer that it will procure that the Collection Account is maintained in its current form with the Collection Account Bank and the Servicing and Collection Agent undertakes that it will not make any changes to such account, in each case unless required by Law or otherwise agreed in writing between the parties to the Servicing Agreement. The Servicing and Collection Agent shall notify the Issuer and the Trustee of any change made to the Collection Account as required by Law (as opposed to as agreed by the parties hereto) that would adversely impact the operation of such account in accordance with the Servicing Agreement and the Collection Account Declaration of Trust. The Servicing and Collection Agent undertakes not to permit to arise or subsist any Security Interests or other rights over or in relation to the Collection Account save as permitted under the Collection Account Declaration of Trust. In case of the transfer of the Collection Account to another bank, the Servicing and Collection Agent will (a) procure that all direct debit payments made by borrowers under the Purchased Loan Receivables and all other moneys paid in respect of the Purchased Loan Receivables are made or paid into the new Collection Account and (b) will execute a declaration of trust in the same terms (with consequential amendment, as necessary) as the Collection Account Declaration of Trust in respect of such new Collection Account.

#### *Enforcement*

Pursuant to the Funding Circle Mandate Letter, if a Purchased Loan Receivable is placed in default, such Purchased Loan Receivable will be assigned to FCTL to enable it to (among other recovery options) commence legal proceedings against the relevant Funding Circle Borrower and Guarantor for the full amount outstanding in respect thereof. FCTL will pay back to the relevant Funding Circle Investors, including the Issuer where appropriate, their proportionate share of any funds successfully recovered, less the costs of it, Funding Circle or any agent appointed by either of them in connection with the enforcement of the relevant Purchased Defaulted Receivable incurred during that recovery. Following the termination of Funding Circle's appointment in accordance with the terms of the Servicing Agreement, (i) Purchased Loan Receivables shall not be novated to FCTL upon being placed in default, and (ii) FCTL shall assign all Purchased Defaulted Receivables to the Issuer, or as the Issuer or an agent acting on its behalf shall direct.

Notwithstanding the above, pursuant to clause 6.2 (*Permitted Deductions from Loan Receivable Proceeds*) of the Servicing Agreement, the Servicing and Collection Agent agrees that no deductions may be made from Loan Receivable Proceeds ("**Deductions**") save that:

- (a) Deductions may only be made to reimburse the costs, fees, expenses, Collections Charges and disbursements properly incurred by the Servicing and Collection Agent or a Sub-Contracting Agent in connection with the collection of the Purchased Loan Receivable to which the Loan Receivable Proceeds relate; and
- (b) in relation to each such Purchased Loan Receivable: (i) the aggregate of all amounts so deducted shall be no more than 40 *per cent.* of each Collection payment in respect thereof; and (ii) the aggregate of all amounts deducted in respect of Collections Charges shall be no more than 20 *per cent.* of each Collection payment received, in each case since the date the Purchased Loan Receivable was initially declared defaulted by the Servicing and Collection Agent in accordance with the related Loan Receivable Documentation.

#### *Custody*

Under the Servicing Agreement, the Servicing and Collection Agent agrees to perform certain custodial duties on behalf of the Issuer, including that it shall, *inter alia*:

- (a) receive delivery of all Records and Loan Receivable Documentation, in each case, relating to the Purchased Loan Receivables and (to the extent the Issuer is entitled to in accordance with the Security Declaration of Trust), the Related Security related thereto (the “**Custody Files**”); and
- (b) maintain continuous custody of the Custody Files in secure facilities in accordance with customary standards for such custody and reflect in its records the interests of the appointing principal therein.

*Variation of Funding Circle Policies and terms of Purchased Loan Receivables*

Under the Servicing Agreement, the Servicing and Collection Agent has agreed that, in respect of each Purchased Loan Receivable, it will not agree to any Loan Modification without the prior written consent of the Trustee:

- (a) except that no such consent will be required for any Loan Modification that constitutes the agreement of a Short Term Payment Plan or is, in the Servicing and Collection Agent’s reasonable discretion, necessary:
  - (i) to preserve the enforceability of any such Purchased Loan Receivable; or;
  - (ii) to facilitate or ensure compliance with, or prevent any violation of, any Applicable Law; or
  - (iii) to preserve the transferability, registration or tax treatment of any Purchased Loan Receivable; or
  - (iv) such modification is of a formal, minor or technical nature or is made to correct a manifest error; and
- (b) **provided that** notwithstanding the foregoing the Servicing and Collection Agent will not in any event agree to any Loan Modification in respect of a Purchased Loan Receivable (other than a Defaulted Loan) which would:
  - (i) reduce the Collateral Principal Balance of the Purchased Loan Receivable;
  - (ii) reduce the contractual interest payable by the Funding Circle Borrower in respect of that Purchased Loan Receivable; or
  - (iii) extend the final maturity of that Purchased Loan Receivable as at the date of its initial Advance,

If the Servicing and Collection Agent grants any Loan Modification in respect of any Purchased Loan Receivable other than as set forth above, it shall repurchase the relevant Purchased Loan Receivable.

The Servicing and Collection Agent also represents and warrants that no amendment to the Funding Circle Policies has been made which would reasonably be expected to have a material adverse effect on (i) the rights or obligations of the Issuer under the Servicing Agreement, or (ii) the value or collectability of the Loan Portfolio, in each case without the prior written consent of the Issuer (but without the prior written consent of the Trustee being required).

*Termination*

If one or more of the following events shall occur and be continuing (each, a “**Servicing Termination Event**”):

- (a) the Servicing and Collection Agent shall fail to make any payment or deposit required to be made by it under the Servicing Agreement when due and such failure remains unremedied for five Business Days;
- (b) the Servicing and Collection Agent shall fail to deliver any Servicing Report within five Business Days of the date when due;
- (c) any licence, registration or authorisation of the Servicing and Collection Agent required with respect to the Servicing Agreement and the Services to be performed by the Servicing and Collection Agent under the Servicing Agreement is revoked, restricted or made subject to any limitations;

- (d) other than as set forth in sub-clauses (a), (b) and (c), the Servicing and Collection Agent shall fail to observe or perform any term, covenant, undertaking or agreement under the Servicing Agreement in any material respect and such failure shall remain unremedied for 15 Business Days, in each case, after the Servicing and Collection Agent obtained knowledge or received notice thereof;
- (e) any representation, warranty, certification or statement made by the Servicing and Collection Agent in the Servicing Agreement (or in any report or other document delivered pursuant thereto) shall prove to have been incorrect in any material respect when made or deemed made and remains unremedied for 15 Business Days after the Servicing and Collection Agent obtained knowledge or received notice thereof;
- (f) except as otherwise expressly permitted by the Transaction Documents, the Servicing and Collection Agent shall repudiate the Servicing Agreement or any material provision therein or assert in writing that the Servicing Agreement or any material provision therein is not in full force and effect;
- (g) proceedings are initiated against the Servicing and Collection Agent under any Insolvency Law (other than proceedings which have been made on frivolous or vexatious grounds or wholly unjustifiable grounds), or a Receiver is appointed in relation to the Servicing and Collection Agent or in relation to the whole or any substantial part of the undertaking or assets of the Servicing and Collection Agent; or the Servicing and Collection Agent is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved by the Issuer in writing), **provided, however**, with respect to any involuntary proceeding, any such petition is not dismissed within 14 days after presentment thereof;
- (h) a court judgment is entered against the Servicing and Collection Agent in an amount greater than £15,000,000 and such judgment remains unremedied for 15 calendar days;
- (i) following the occurrence of an Enforcement Event, Funding Circle does not give its consent for a proposed purchaser of Purchased Loan Receivables to become a member of the Funding Circle Platform; or
- (j) it is or becomes unlawful for the Servicing and Collection Agent to perform any of its material obligations under the Transaction Documents, and the Servicing and Collection Agent cannot reasonably amend or alter the manner in which it performs (or procures the performance of) its obligations such that they are lawful within 15 calendar days (to the satisfaction of the Trustee) (as instructed by an Extraordinary Resolution of the Noteholders),

then the Issuer (prior to the delivery of an Enforcement Notice) with the written consent of the Trustee, or the Trustee itself (following the delivery of an Enforcement Notice) may, and shall, promptly if so requested by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes, give notice (a “**Termination Notice**”) to the Servicing and Collection Agent that the appointment of the Servicing and Collection Agent shall automatically terminate in accordance with Clause 8.4 (*Transition to Successor Servicing and Collection Agent*) of the Servicing Agreement, **provided that** no such notice shall be required upon the occurrence of any Servicing Insolvency Event and the appointment of the Servicing and Collection Agent shall automatically terminate upon the appointment of a successor Servicing and Collection Agent in accordance with Clause 8.4 (*Transition to Successor Servicing and Collection Agent*) of the Servicing Agreement. The Trustee shall, promptly upon becoming aware of the same, notify the Back-Up Servicing and Collection Agent (with a copy to the Issuer and the Cash Manager and Calculation Agent) of the occurrence of any Servicing Insolvency Event.

Upon the appointment of the Back-Up Servicing and Collection Agent as Successor Servicing and Collection Agent, the Back-Up Servicing and Collection Agent shall become bound and subject to the terms, duties and obligations set out in the Servicing Agreement only to the extent that such terms, rights, benefits, protections and powers (as the case may be) are required for the collection of the Purchased Loan Receivables until the Loan Portfolio has been realised, and excluding, for the avoidance of doubt, any obligation on Funding Circle to purchase or make a payment in respect of any Affected Loan pursuant to the Transaction Documents. The Servicing Agreement shall be deemed to be accordingly amended to only include such terms, duties, obligations, rights, benefits, protections and powers (as the case may be) as relate to the collection of the Purchased Loan Receivables.



The appointment of any Successor Servicing and Collection Agent other than Funding Circle or any of its Affiliates under the Servicing Agreement may be terminated upon the expiry of not less than 12 months' written notice of termination given by such Successor Servicing and Collection Agent to the Issuer and the Trustee (with a copy to the Cash Manager and Calculation Agent and the Rating Agencies), **provided that** no such resignation will be effective until such successor Servicing and Collection Agent has been appointed on terms and conditions substantially the same as the Servicing Agreement.

*Liability of the Servicing and Collection Agent*

The Servicing and Collection Agent has agreed to indemnify each of the Issuer and the Trustee (each an "**Indemnified Party**") on demand against any Liabilities (the "**Servicing and Collection Agent Indemnified Amounts**") properly incurred by any Indemnified Party arising out of or resulting from any material breach of the Servicing Agreement by the Servicing and Collection Agent or the Servicing and Collection Agent's negligence, wilful default or fraud in connection with the Servicing Agreement, excluding, however:

- (a) Servicing and Collection Agent Indemnified Amounts to the extent that such Servicing and Collection Agent Indemnified Amount was attributable to the negligence, wilful default or fraud on the part of such Indemnified Party (or their respective members, officers, directors, agents or employees);
- (b) recourse for uncollectable Purchased Loan Receivables;
- (c) any Excluded Taxes; and
- (d) any Servicing and Collection Agent Indemnified Amount to the extent the same has been fully and finally paid in cash to such Indemnified Party pursuant to any other provision of the Servicing Agreement or any other Transaction Document.

*Limits on Liability*

Without limiting any other rights that the Servicing and Collection Agent or the Issuer may have under or in connection with the Servicing Agreement or under any Applicable Law and except as expressly provided under clause 17 (*Indemnities*) of the Servicing Agreement, the Servicing and Collection Agent and the Issuer shall not be required to indemnify the other in respect of any Liability.

No claim shall be made against the Servicing and Collection Agent or its Affiliates or any of their respective directors, officers, shareholders, partners, members, agents or employees (each an "**FC Indemnified Person**") in respect of, nor shall any such person have any Liability for:

- (a) the acts or omissions of any person retained or employed by the Issuer, including any person through whom transactions in investments are effected for the account of the Issuer, or any other party having custody, possession or control of any investments from time to time, or any clearance or settlement system; (except to the extent that such Liabilities result directly from (x) a material breach by any FC Indemnified Person of its obligations under the Servicing Agreement or (y) the fraud, negligence or wilful default of any FC Indemnified Person), in which case the Servicing and Collection Agent shall be liable therefor if the following conditions are satisfied:
  - (i) the amount of such Liability arising from any one such claim exceeds £5,000; and
  - (ii) the aggregate amount of all Liabilities arising from any claims for which the Servicing and Collection Agent is liable under clause 17 (*Indemnities*) of the Servicing Agreement shall not exceed, in any calendar year, an aggregate amount equal to five times the aggregate fees received by the Servicing and Collection Agent pursuant to that document over the preceding 12 month period, or, in respect of the period prior to the first anniversary of the Servicing Agreement, two (2) times the aggregate fees received by the Servicing and Collection Agent pursuant to the Servicing Agreement prior to the point at which the relevant Liability arises; or
- (b) any (A) special, indirect or consequential loss or damage, which term shall include without limitation, consequential or indirect economic losses; (B) lost turnover; or (C) loss of profits or business, in each case arising out of or in connection with the performance or non-performance of its duties and obligations, or the exercise of its powers, under the Servicing Agreement; or

- (c) any failure to fulfil or delay in fulfilling its duties thereunder or for the loss of, or damage to, any documents in its possession or under its control if such failure, loss or damage is caused directly or indirectly by a Force Majeure Event (except to the extent that such Force Majeure Event results directly from the fraud, negligence or wilful default of any FC Indemnified Person) **provided that:**
- (i) the Servicing and Collection Agent shall use reasonable endeavours to mitigate the effect of the Force Majeure Event to carry out its affected obligations under the Servicing Agreement in any way that is reasonably practicable, and in particular, shall (1) use reasonable endeavours to remedy any Force Majeure Event as soon as reasonably practicable, (2) use all reasonable endeavours to resume performance of its duties as soon as reasonably practicable, and (3) take all practicable steps to minimise any loss or disruption arising from any Force Majeure Event;
  - (ii) the Force Majeure Event shall (1) not limit the Servicing and Collection Agent's liability if the Servicing and Collection Agent is (otherwise than by reason of that event) in breach of its obligations, and (2) be without prejudice to the right of the other parties to terminate the relevant agreement for non-performance; and
  - (iii) the Servicing and Collection Agent shall notify the other parties as soon as reasonably practicable after becoming aware of a Force Majeure Event by written notice containing reasonable details of the Force Majeure Event and its anticipated duration.

Subject always to clause 17 (*Indemnities*) of the Servicing Agreement, in no circumstances will any of the directors, officers, shareholders, partners, members, agents or employees of any party or its Affiliates have any liability to another party or any other person.

Furthermore, the Servicing and Collection Agent:

- (a) assumes no responsibility under the Servicing Agreement other than to render the services in accordance with the terms of the Servicing Agreement;
- (b) does not assume any fiduciary duty with regard to the Issuer (other than (A) as the trustee of the trusts declared under the Collection Account Declaration of Trust and the Security Declaration of Trust and (B) where it has custody of or otherwise holds the assets of the Issuer in its role as Servicing and Collection Agent);
- (c) does not guarantee or otherwise assume any responsibility for the performance by any other party to the Servicing Agreement;
- (d) does not warrant or guarantee the performance or profitability of the Issuer's portfolio (or any part of it); and
- (e) shall incur no liability to anyone in acting upon any signature, instrument, statement, notice, resolution, request, direction, consent, order, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be properly executed or signed by the proper party or parties.

Nothing in the Servicing Agreement shall exclude or restrict any liability on the part of any FC Indemnified Person for fraud, nor any non-derogable, mandatory duty or liability to the Issuer, which any FC Indemnified Person may have under any Applicable Law.

#### *Governing law*

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

#### **Back-Up Servicing Agreement**

The Issuer and the Back-Up Servicing and Collection Agent, among others, will enter into the Back-Up Servicing Agreement on or before the Closing Date.

*Appointment*

The Issuer will appoint the Back-Up Servicing and Collection Agent to perform back-up services pursuant to the Back-Up Servicing Agreement entered into between the Issuer, the Servicing and Collection Agent, the Trustee and the Back-Up Servicing and Collection Agent dated on or prior to the Closing Date (the “**Back-Up Servicing Agreement**”).

The Back-Up Servicing and Collection Agent shall meet on a quarterly basis (in person or by conference call) with the Servicing and Collection Agent to ensure that any changes to the Servicing and Collection Agent’s systems which could reasonably be expected to have an impact on the reporting relating to the Purchased Loan Receivables or the Back-Up Servicing and Collection Agent’s ability to implement its transfer plan are tracked and accurately reflected in the Back-Up Servicing and Collection Agent’s systems and to generally ensure that the Back-Up Servicing and Collection Agent is capable of performing its obligations as Successor Servicing and Collection Agent without undue delay, if requested to do so.

The Servicing and Collection Agent will deliver to the Back-Up Servicing and Collection Agent (i) the Servicing Reports monthly on each Reporting Date, (ii) the Monthly Verification Files on the second Business Day after each Reporting Date, (iii) the Back-Up Servicing Data at the times specified and in accordance with the Functional Specification and (iv) such other data as may be reasonably required to enable the Back-Up Servicing and Collection Agent to perform its Standby Services and its Pre-Appointment Standby Services (in each case as defined in the Back-Up Servicing Agreement) or any other obligations under the Servicing Agreement.

Unless another person is appointed as Successor Servicing and Collection Agent, the Back-Up Servicing and Collection Agent will agree that upon receipt of:

- (a) a copy of the Termination Notice terminating the appointment of the Servicing and Collection Agent; or
- (b) notice confirming that the appointment of the Servicing and Collection Agent has been automatically terminated as a result of a Servicing Insolvency Event with respect to the Servicing and Collection Agent,

in each case in accordance with the Servicing Agreement, the Back-Up Servicing and Collection Agent shall be appointed as Successor Servicing and Collection Agent, such appointment to be effective within 30 days of such notice, and shall assume and perform the duties and obligations of the Servicing and Collection Agent under the Servicing Agreement as such duties and obligations are amended by the Back-Up Servicing Agreement.

*Right of Delegation by Back-Up Servicing and Collection Agent*

The Back-Up Servicing and Collection Agent may from time to time and without notice to the other parties to the Back-Up Servicing Agreement subcontract or delegate its duties as Back-Up Servicing and Collection Agent thereunder to any other Person (each such Person, a “**Back-Up Sub-Contracting Agent**”), **provided that:**

- (a) such sub-contracting or delegation would not prevent the Back-Up Servicing and Collection Agent, the Servicing and Collection Agent or the Issuer from complying with any Applicable Law; and
- (b) it shall take all reasonable steps, acting in good faith, to ensure that such sub-contracting or delegation shall not result in the Issuer being in a materially worse Tax position than would have been the case had such sub-contracting or delegation not occurred, it being agreed that each of following would result in the Issuer being in a materially worse Tax position:
  - (i) the Back-Up Sub-Contracting Agent being treated as the permanent establishment in the United Kingdom (as described in section 1141 of the Corporation Tax Act 2010) of the Issuer; or
  - (ii) the Back-Up Sub-Contracting Agent being unable to make payments under the Servicing Transaction Documents to the Issuer without a Tax Deduction.

Notwithstanding any such subcontracting or delegation arrangement, the Back-Up Servicing and Collection Agent shall continue to remain solely liable for the performance of its duties and obligations under the Back-Up Servicing Agreement (whether or not a Back-Up Sub-Contracting Agent has agreed to perform such duty or obligation) and neither the Issuer nor the Trustee shall have any Liabilities (including in respect of any fees payable in accordance with the Back-Up Servicing Agreement) payable to or incurred by such Back-Up Sub-Contracting Agent or arising from the entering into, the continuance or the termination of any such arrangement.

The Back-Up Servicing and Collection Agent shall ensure that the terms of such subcontracting or delegation arrangement provide that the appointment of a Back-Up Sub-Contracting Agent in respect of the Purchased Loan Receivables shall, be automatically terminated upon the termination of the Back-Up Servicing and Collection Agent's appointment under the Back-Up Servicing Agreement.

*Termination*

Under the Back-Up Servicing Agreement, on the occurrence of a Back-Up Servicing Termination Event, no termination of the Back-Up Servicing and Collection Agent shall take effect, unless and until a person reasonably approved in writing by the Trustee shall have assumed the obligations and duties of the Back-Up Servicing and Collection Agent under the Back-Up Servicing Agreement or a back-up servicing agreement on substantially similar terms.

*Governing law*

The Back-Up Servicing Agreement and any non-contractual obligations arising out of or in connection with the Back-Up Servicing Agreement are governed by English law.

**Trust Deed**

On or before the Closing Date, the Issuer and the Trustee, among others, 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 and the Charge and Assignment. The Conditions and the forms of the Notes are constituted by, and set out in, the Trust Deed.

The Trustee will agree to hold the benefit of, among other things, the Issuer's covenant to pay amounts due in respect of the Notes and the Issuer Covenants on trust for the Noteholders and (to the extent applicable) the other Secured Creditors according to their respective interests.

The Trust Deed also contains provisions that the Trustee shall not be bound to give notice to any person of the execution of the Trust Deed or any documents comprised or referred to in the Trust Deed or to take any steps to ascertain whether any Event of Default, Potential Event of Default, Tax Event, Illegality Event, Regulatory Event or other relevant event has happened or if the Issuer or any other party has breached any of its obligations under the Transaction Documents and, until it shall have written notice to the contrary, the Trustee shall be entitled to assume that no Event of Default, Potential Event of Default, Tax Event, Illegality Event, Regulatory Event or any other relevant event which causes or may cause a right to become exercisable by the Issuer or the Trustee under the Trust Deed or any other Transaction Document has happened and that the Issuer and the other parties are observing and performing all their respective obligations under the Trust Deed, the Notes and the other Transaction Documents.

*The Notes*

The Notes of any Class will be constituted by the Trust Deed and will be represented upon issue by Global Certificates of each Class, in fully registered form without interest coupons or principal receipts, deposited with, and registered in the name of a nominee of, the Common Safekeeper for Euroclear and Clearstream, Luxembourg on or about the Closing Date.

*Covenant to pay*

Subject to the Conditions and in accordance with the Trust Deed, the Issuer will, on any date when the Notes or any of them become due to be redeemed (in whole or in part), unconditionally pay or procure to be paid to, or to the order of, or for the account of, the Trustee (and unless and until otherwise instructed by the Trustee, will make such payment to the Principal Paying Agent) in cleared, immediately available funds all amounts of principal payable in respect of the Notes becoming due for redemption (in whole or in part) on that date together with any applicable premium or other amounts payable upon redemption and shall (subject to the Conditions) until such payment (after as well as before any judgment or other order of a competent court) unconditionally pay to or to the order of or for the account of the Trustee as aforesaid, interest accrued on the Principal Amount Outstanding or otherwise payable in respect of the Notes together with any other amounts payable in respect of the Notes in accordance with (and to the extent provided for in) the Conditions thereof and on the dates provided for therein.

*Priority of Payments*

On each Note Payment Date prior to the delivery of an Enforcement Notice, the Issuer shall, or shall cause the Cash Manager and Calculation Agent to, apply all Available Interest Proceeds and Available Principal Proceeds as of the Reporting Cut-Off Date immediately preceding such Note Payment Date in accordance with the Pre-Acceleration Interest Priority of Payments and the Pre-Acceleration Principal Priority of Payments respectively (in each case if and to the extent payments of a higher order of priority have been made in full and to the extent permitted by Applicable Law).

On each Note Payment Date (or on such other date as the Trustee instructs in writing in accordance with the Transaction Documents) on or following the delivery of an Enforcement Notice, the Cash Manager and Calculation Agent shall cause all amounts standing to the credit of the Issuer Transaction Account and all proceeds (other than amounts representing (i) any Excess Swap Collateral which shall be returned directly to an Interest Rate Cap Provider (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (ii) prior to the designation of an early termination date under an Interest Rate Cap and the resulting application of the Swap Collateral by way of netting or set-off, all Swap Collateral provided by an Interest Rate Cap Provider to the Issuer pursuant to an Interest Rate Cap (and any interest or distributions in respect thereof), (iii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Interest Rate Cap Provider), and (iv) any Swap Tax Credits which shall be applied directly to an Interest Rate Cap Provider in accordance with the Cash Management and Calculation Agency Agreement) from the enforcement of the Security or otherwise recovered by the Trustee (which shall be held by the Trustee on trust) to be applied in payment, in the amounts required in accordance with the Post-Acceleration Priority of Payments.

#### *Meetings of Noteholders*

The Issuer or the Trustee may at any time convene a meeting and, if it receives a written request by Noteholders holding not less than ten (10) *per cent.* of the Principal Amount Outstanding of the Notes Outstanding of a particular class of Notes for the time being subject to (i) certain conditions including minimum notice periods and (ii) the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which may be incurred by it in connection therewith, the Trustee shall convene a meeting of Noteholders. Every meeting will be held on a date and at a time and place approved by the Trustee. See further the section entitled “*Overview of Rights of Noteholders and Relationship with other Secured Creditors*”.

#### *Actions and proceedings by the Trustee*

Save as expressly otherwise provided in the Trust Deed, the Trustee shall have absolute and uncontrolled discretion as to the exercise of its trusts, powers, authorities and discretions vested in the Trustee under the Trust Deed or any other Transaction Document (the exercise of which as between the Trustee and the Noteholders of each Class and the other Secured Creditors shall be conclusive and binding on such Noteholders and the other Secured Creditors) and shall not be responsible for any Liability which may result from their exercise or non-exercise.

Unless otherwise provided in any Transaction Document, in relation to any discretion to be exercised or action to be taken by the Trustee under any Transaction Document, the Trustee may, at its discretion and without further notice or shall, if it has been so:

- (a) directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then Outstanding; or
- (b) requested in writing by the holders of not less than 25 *per cent.* in aggregate Principal Amount Outstanding of the Most Senior Class of Notes outstanding, but provided that no such request (i) shall affect any authorisation, waiver or determination previously given or made or (ii) shall authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless the holders of each Class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise,
- (c) exercise such discretion or take such action, **provided that**, in either case, the Trustee shall not be obliged to exercise such discretion or take such action unless it shall have been indemnified and/or, secured and/or prefunded to its satisfaction against all Liabilities and **provided that** subject to liability provisions in the Trust Deed, the Trustee shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Noteholders.

*Trustee to view Noteholders as a Class*

In connection with the exercise by it of any of its trusts, powers, duties, authorities and discretions under the Trust Deed or any other Transaction Document, the Trustee shall have regard to the interests of each Class of Noteholders as a Class and, shall not have regard to the consequences of such exercise for individual Noteholders of such Class 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 consequence of any such exercise upon individual Noteholders. For the purpose of determining whether or not any such exercise is materially prejudicial to the interests of the Noteholders of any Class of Notes, the Trustee shall be entitled to consider all such matters, information or any documentation delivered in respect thereof (whether addressed to the Trustee or otherwise) as the Trustee deems appropriate.

*Amendments*

Any authorisation, waiver, determination or modification referred to in Condition 15.3 (*Modification*), Condition 15.4 (*Additional Right of Modification*), Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*) or Condition 15.6 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors. The Issuer covenants with the Parties to the Trust Deed that it will not propose and agree to any modification to:

- (a) the Conditions or the Priority of Payments that would change, or have the effect of changing, the position of Funding Circle (in any of its capacities in which it is party to any Transaction Document except as Retention Holder), Glencar XI (in any of its capacities in which it is party to any Transaction Document except as Retention Holder), Great Trinity, the Agents, any Successor Servicing and Collection Agent or the Interest Rate Cap Provider in any Priority of Payments unless the prior written consent of such party has been obtained; and
- (b) Clause 8 (*Interest Rate Cap*) or Schedule 2, paragraph 8 (*Application of Amounts in respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium*) of the Cash Management and Calculation Agency Agreement and unless the prior written consent of the Interest Rate Cap Provider has been obtained.

*Fees, duties and taxes*

In accordance with the terms of the Trust Deed, in addition to its fees, the Issuer shall also pay or discharge all Liabilities incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under the Trust Deed, and in any other manner in relation to, the Trust Deed or any other Transaction Document, including but not limited to securities transaction charges and fees (including properly incurred legal fees), travelling expenses and any stamp, issue, registration, documentary and other similar taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, the Trust Deed or any other Transaction Document.

*Appointment and Retirement of Trustee*

The power to appoint a new trustee of the Trust Deed shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by the Noteholders of the Most Senior Class of Notes (acting by way of Extraordinary Resolution). One or more persons may hold office as trustee or trustees of the Trust Deed but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of the Trust Deed the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by the Trust Deed provided that a Trust Corporation shall be included in such majority. Any appointment of a new trustee of the Trust Deed shall as soon as practicable thereafter be notified by the Issuer to the Noteholders (in accordance with Condition 10 (*Notifications*)), and each of the other Secured Creditors and, so long as any of the Notes rated by one or more Rating Agencies remains Outstanding, shall be subject to receipt by the Issuer of a Rating Agency Confirmation.

A trustee of the Trust Deed may retire at any time on giving not less than 60 days' prior written notice to the Issuer (and the Issuer shall, for so long as any of the Notes rated by one or more Rating Agencies remain Outstanding, provide a copy of such notice on receipt of such notice to each such Rating Agency) without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Issuer shall, if so directed by the Noteholders of the Most Senior Class of Notes (acting by way of Extraordinary Resolution),

remove any trustee or trustees for the time being of the Trust Deed on not less than 60 days' prior written notice. The Issuer undertakes that in the event of the only trustee of the Trust Deed which is a Trust Corporation giving notice under the Trust Deed or being removed by Extraordinary Resolution (as aforesaid) it will use its best endeavours to procure that a new trustee of the Trust Deed, being a Trust Corporation, is appointed as soon as reasonably practicable thereafter subject to it notifying, so long as any of the Notes rated by one or more Rating Agencies remains Outstanding, each such Rating Agency of such appointment and receipt by it of a Rating Agency Confirmation in respect thereof. The retirement or removal of any such trustee shall not become effective until a successor trustee, being a Trust Corporation, is appointed. If in such circumstances, no appointment of such a new trustee has become effective within 30 days of the date of such notice or Extraordinary Resolution, the Trustee shall be entitled to appoint a Trust Corporation as trustee of the Trust Deed, but no such appointment shall take effect unless previously approved by the Noteholders of the Most Senior Class of Notes (acting by way of Extraordinary Resolution) and, for the avoidance of doubt, no Rating Agency Confirmation shall be required in such circumstances.

A trustee of the Trust Deed may be removed by the Issuer, and a replacement trustee of the Trust Deed procured as described in the paragraph above, at any time if so directed by the Noteholders of the Most Senior Class of Notes (acting by way of Extraordinary Resolution), for the time being of the Trust Deed on not less than 30 days' prior written notice, upon the occurrence of the following events:

- (a) if the Trustee of the Trust Deed has entered into administration under the Insolvency Act 1986;
- (b) if an order is made or an effective resolution is passed for the winding up of the Trustee of the Trust Deed under the Insolvency Act 1986; or
- (c) if any director or officer of the Trustee of the Trust Deed is convicted by non-appealable judgment of an English Court of an act of fraud relating exclusively to the carrying out of its functions under the Trust Deed.

#### *Governing Law*

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

#### **Charge and Assignment**

The Issuer and the Trustee will enter into the Charge and Assignment on or before the Closing Date.

#### *Security*

The Notes are secured and will share the Security with the other Secured Obligations of the Issuer as set out in the Charge and Assignment described in the Conditions. The Issuer, with full title guarantee and as continuing security for the payment and discharge of the Secured Obligations, pursuant to the Charge and Assignment charges in favour of the Trustee (on behalf of each Secured Creditor) by way of:

- (a) first fixed security, to and in favour of the Trustee (on behalf of each Secured Creditor), all of its rights, title, interest and benefit, existing now or in the future, in, to, under or in respect of:
  - (i) the Transaction Documents (including the beneficial interests in the trusts created by the Collection Account Holder pursuant to the Collection Account Declaration of Trust and the Security Holders pursuant to the Security Declaration of Trust but excluding the Issuer's rights under the Corporate Services Agreement);
  - (ii) all Purchased Loan Receivables (where such rights are contractual rights other than contractual rights the assignment of which would require the consent of a third party and such consent has not been obtained, **provided that** the Issuer shall use reasonable endeavours to obtain such consent) and any Custody Files relating to the Purchased Loan Receivables; and
  - (iii) any Other Secured Contractual Rights of the Issuer,

in each case other than the Corporate Benefit Account and any amounts standing to the credit thereto.

- (b) first fixed charge, to the extent not effectively assigned pursuant to clause 3.1 (*Assignments*) of the Charge and Assignment, all of its rights, title, interest and benefit, existing now or in the future, in, to, under or in respect of:
- (i) the Transaction Documents (including the benefit of the trusts created by the Collection Account Holder pursuant to the Collection Account Declaration of Trust and the Security Holders pursuant to the Security Declaration of Trust but excluding the Issuer's rights under the Corporate Services Agreement);
  - (ii) all Purchased Loan Receivables; and
  - (iii) any Other Secured Contractual Rights of the Issuer,
- (in each case, other than any property or assets from time to time or for the time being effectively secured as set out in the preceding paragraph and other than the Corporate Benefit Account and any amounts standing to the credit thereto);
- (c) first fixed charge, and grants a first priority security interest (where the applicable assets are securities) over, or assigns by way of security (where the applicable rights are contractual obligations) all of its rights, title, interest and benefit, existing now or in the future, in, to, under or in respect of:
- (i) each Issuer Account (other than any Swap Collateral Account) and all sums of moneys which may now be or hereafter are from time to time standing to the credit of each Issuer Account (other than any Swap Collateral Account) and any other bank account and any amounts standing to the credit thereto (other than the Corporate Benefit Account and any amounts standing to the credit thereto), or book debt in which the Issuer may at any time acquire any right, title, interest or benefit and each debt represented by these, including all interest accrued and other moneys received in respect thereof; and
  - (ii) each Swap Collateral Cash Account and all moneys from time to time standing to the credit of each Swap Collateral Cash Account and the debts represented thereby or, where applicable, all of its contractual rights thereto, **provided that** such security interest: (1) shall not extend to Excess Swap Collateral, and (2) is subject to the rights of any Interest Rate Cap Provider to the return of any Swap Collateral pursuant to the terms of the relevant Interest Rate Cap and the Conditions (for the avoidance of doubt, after any close out netting has taken place),
- (in each case, other than any property or assets from time to time or for the time being effectively secured as set out in the preceding paragraphs); and
- (d) first floating charge, the whole of the Issuer's undertaking and all of its property and assets whatsoever and wheresoever situated, present and future, to the extent that such undertaking and property and assets are not subject to any other security created pursuant to the Charge and Assignment provided that, in each case, such security interest: (i) shall not extend to the Issuer's rights under the Corporate Services Agreement and the Corporate Benefit Account and any amounts standing to the credit thereto; (ii) shall not extend to Excess Swap Collateral; and (iii) is subject to the rights of any Interest Rate Cap Provider to the return of any Swap Collateral pursuant to the terms of the relevant Interest Rate Cap and the Conditions (for the avoidance of doubt, after any close out netting has taken place).

Some of the other Secured Obligations rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Acceleration Priority of Payments.

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed or floating charge over, the property, assets, rights and/or benefits described in the Charge and Assignment is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Property**"), the Issuer shall, as continuing security for the payment and discharge of the Secured Obligations, hold the benefit of the Affected Property and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Property (together, the "**Trust Property**") on trust for the Trustee for the benefit of the Secured Creditors.

For the purposes of article 21(4)(d) of the Securitisation Regulation, no provision of the Charge and Assignment require automatic liquidation upon default of the Issuer.



*Governing Law*

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

**The Cash Management and Calculation Agency Agreement**

*The Cash Manager and Calculation Agent*

The Issuer has appointed the Cash Manager and Calculation Agent pursuant to the Cash Management and Calculation Agency Agreement. Pursuant to the Cash Management and Calculation Agency Agreement, the Cash Manager and Calculation Agent will agree to provide certain cash management and other services to the Issuer. The Cash Manager and Calculation Agent's principal functions will be effecting payments to and from the Issuer Accounts and making corresponding calculations and determinations on behalf of the Issuer.

*Interest Rate Cap collateral*

Following the Closing Date, the Interest Rate Cap Provider may transfer cash collateral in accordance with the terms of the Credit Support Annex of the Interest Rate Cap (the "**Credit Support Annex**"), which will be credited to a Swap Collateral Cash Account and credited to the ledger maintained by the Cash Manager and Calculation Agent pursuant to the Cash Management and Calculation Agency Agreement to record the balance from time to time of swap collateral (the "**Swap Collateral Ledger**"). If the Interest Rate Cap Provider opts to deliver Swap Securities Collateral under the terms of the Credit Support Annex, the Issuer shall, at the request of the Interest Rate Cap Provider for the purpose of facilitating the delivery of such securities collateral, open a Swap Securities Collateral Account.

In addition, (i) upon any early termination in whole of the Interest Rate Cap as a result of the default or termination by the Interest Rate Cap Provider or otherwise, (A) any Replacement Swap Premium received by the Issuer from a replacement Interest Rate Cap Provider, or (B) any Swap Termination Payment received by the Issuer from the outgoing Interest Rate Cap Provider and (ii) any Swap Tax Credits (and any interest or distributions on or redemption or sale proceeds of Swap Collateral) will be credited to the Swap Collateral Cash Account and recorded on the Swap Collateral Ledger.

Amounts and securities standing to the credit of the Swap Collateral Accounts (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the Swap Collateral Ledger will not be available for the Issuer or the Trustee to make payments to the Secured Creditors generally, but any amounts may be applied by the Cash Manager and Calculation Agent, only in accordance with the following provisions (the "**Swap Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the relevant Interest Rate Cap Provider as soon as reasonably practicable after receipt by the Issuer of such amounts;
- (b) prior to the designation of an Early Termination Date (as defined in the Interest Rate Cap, an "**Early Termination Date**") in respect of the Interest Rate Cap in or towards payment or discharge of any Return Amounts (as defined in the Credit Support Annex), Interest Amounts and Distributions (each as defined in the Credit Support Annex), on any day, directly to the Interest Rate Cap Provider;
- (c) following the designation of an Early Termination Date in respect of the Interest Rate Cap where (A) such Early Termination Date has been designated following an Interest Rate Cap Provider Default or Interest Rate Cap Provider Downgrade Event and (B) the Issuer enters into a Replacement Swap Agreement in respect of the Interest Rate Cap by no later than 30 Business Days after the Early Termination Date of the Interest Rate Cap, on the latest of: (x) the day on which such Replacement Swap Agreement is entered into, (y) the day on which a Swap Termination Payment (if any) payable to the Issuer is due from the outgoing Interest Rate Cap Provider and (z) the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement Interest Rate Cap Provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Interest Rate Cap being terminated;
  - (ii) *second*, in or towards payment of any Swap Termination Payment due to the outgoing Interest Rate Cap Provider; and

- (iii) *third*, the surplus (if any, but excluding any Swap Collateral provided by a replacement Interest Rate Cap Provider) on such day to be transferred to the Issuer Transaction Account;
- (d) following the designation of an Early Termination Date in respect of the Interest Rate Cap where: (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c)(A) above, and (B) the Issuer enters into a Replacement Swap Agreement in respect of the Interest Rate Cap by no later than 30 Business Days after the Early Termination Date of the Interest Rate Cap, on the latest of: (x) the day on which such Replacement Swap Agreement is entered into, (y) the day on which a Swap Termination Payment (if any) payable to the Issuer is due from the outgoing Interest Rate Cap Provider) and (z) the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of any Swap Termination Payment due to the outgoing Interest Rate Cap Provider;
  - (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement Interest Rate Cap Provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Interest Rate Cap being terminated; and
  - (iii) *third*, any surplus (if any, but excluding any Swap Collateral provided by a replacement Interest Rate Cap Provider) on such day to be transferred to the Issuer Transaction Account;
- (e) following the designation of an Early Termination Date in respect of the Interest Rate Cap for any reason where the Issuer has not entered into a Replacement Swap Agreement in respect of the Interest Rate Cap on or before the thirtieth Business Day following such Early Termination Date (“**Replacement Date**”), on the first Business Day following the Replacement Date, in or towards payment of any Swap Termination Payment due to the outgoing Interest Rate Cap Provider; and
- (f) following payments of amounts due pursuant to (e) above, if amounts remain standing to the credit of the Swap Collateral Accounts, such amounts may be applied only in accordance with the following provisions:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement Interest Rate Cap Provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Interest Rate Cap; and
  - (ii) *second*, after the entry by the Issuer into a Replacement Swap Agreement, any surplus remaining after payment of any Replacement Swap Premium payable by the Issuer to a replacement Interest Rate Cap Provider in order to enter into such Replacement Swap Agreement (but excluding any Swap Collateral provided by such replacement Interest Rate Cap Provider), to be transferred to the Issuer Transaction Account,

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

- (A) the Calculation Date immediately before the Note Payment Date on which the Principal Amount Outstanding of all Notes would be reduced to zero; or
- (B) the day on which an Enforcement Notice is given,

then the amount standing to the credit of the Swap Collateral Accounts on such day shall be transferred to the Issuer Transaction Account as soon as reasonably practicable thereafter.

#### *Compensation of the Cash Manager and Calculation Agent*

The Issuer will pay to the Cash Manager and Calculation Agent such fees and expenses (plus any amount in respect of VAT thereon, if applicable, payable following receipt of a valid VAT invoice showing the amount of VAT payable) in respect of the services of the Cash Manager and Calculation Agent under the Cash Management and Calculation Agency Agreement as shall be agreed between the Issuer and the Cash Manager and Calculation Agent in writing and such fees and expenses will be paid in accordance with the applicable Priority of Payments. To the extent the reverse charge mechanism applies, the Issuer shall pay any applicable VAT directly to the relevant Tax Authority.

The Issuer shall also pay (against presentation of the relevant invoices) all out-of-pocket expenses (including, but not limited to legal costs) properly incurred by the Cash Manager and Calculation Agent in connection with their services under the Cash Management and Calculation Agency Agreement, together with any irrecoverable VAT thereon, subject to and in accordance with the Priority of Payments.

*Investor Reports*

In respect of each Investor Report, on or prior to each Note Payment Date, and subject to receipt by the Cash Manager and Calculation Agent and Funding Circle of the relevant Servicing Report no later than close of business (London time) on the immediately preceding Reporting Date, the Cash Manager and Calculation Agent shall, on or prior to each Note Payment Date, make the Investor Report available electronically (including sending them to Bloomberg) to the Issuer, the Trustee, the Servicing and Collection Agent, the Rating Agencies and any other party the Issuer may direct. For the avoidance of doubt, the Cash Manager and Calculation Agent shall not be liable for the accuracy of any information in any Investor Report in relation to the retention by the Retention Holders of a material net economic interest in accordance with Article 6 of the Securitisation Regulation.

If (i) the Servicing and Collection Agent fails to deliver the Servicing Report on or before the relevant Reporting Date; or (ii) the Servicing Report fails to contain the information required by the Cash Manager and Calculation Agent for the purposes of the delivery of the Investor Reports, and the relevant information is not provided to the Cash Manager and Calculation Agent following any request on or before the relevant Reporting Date the Cash Manager and Calculation Agent shall prepare the Investor Report (to the extent possible) and on the basis set out in Condition 7.4 (*Calculations in the event of a Servicer Disruption*).

If, with respect to any Note Payment Date, a Servicer Disruption occurs such that (i) the Cash Manager and Calculation Agent is not provided with the relevant Servicing Report on the Reporting Date or (ii) the Servicing Report delivered on any Reporting Date fails to contain any part of the stipulated information and such information is not provided to the Cash Manager and Calculation Agent following any request on or before such Reporting Date, the Cash Manager and Calculation Agent shall, to the extent possible, calculate the amounts payable pursuant to the applicable Priority of Payments on such Note Payment Date by reference to (a) any invoice or similar documentation that has been provided to the Cash Manager and Calculation Agent stating the amount due and payable on such Note Payment Date, or (b) where no such invoice or similar documentation has been provided, the information contained in the previous Servicing Report delivered with respect to the immediately preceding Note Payment Date and taking into account the payments made pursuant to the applicable Priority of Payments on such Note Payment Date without any liability as a result thereof.

Upon receipt of the Servicing Report delivered following any Servicer Disruption, the Cash Manager and Calculation Agent shall calculate the amounts payable in accordance with the applicable Priority of Payments on any Note Payment Date that occurred whilst the Servicer Disruption was continuing.

*Identification of received funds*

Subject to the timely receipt of all relevant information in the relevant Servicing Report on the Reporting Date and based on the Servicing Report, the Cash Manager and Calculation Agent shall determine and report (in the relevant Investor Report) the following amounts, which have been transferred to the Issuer Accounts in each Collection Period:

- (a) the proceeds of the issuance of the Notes and of the Subordinated Loans;
- (b) all Available Interest Proceeds;
- (c) all Available Principal Proceeds;
- (d) any Deemed Collections;
- (e) any amounts received under an Interest Rate Cap; and
- (f) any other amounts whatsoever received by or on behalf of the Issuer in respect of the Purchased Loan Receivables after the Closing Date subject to the terms of the Transaction Documents.

*Compliance with the Securitisation Regulation*

The Cash Manager and Calculation Agent shall provide the Reporting Agent (on behalf of the Issuer) with each Investor Report. In addition, the Cash Manager and Calculation Agent shall agree to such amendments to the form of Investor Report as are necessary to enable the Reporting Agent to perform its reporting services under the Reporting Agency Agreement or as may be necessary in order for the Transaction to comply with the Transparency Requirements and which the Cash Manager and Calculation Agent confirms it is able to make.

*Cash Manager and Calculation Agent Termination Event*

The Issuer or, (at any time (x) following the delivery of written notice to the Cash Manager and Calculation Agent that an Event of Default has occurred and is continuing unremedied and unwaived, or (y) following the delivery of an Enforcement Notice) the Trustee shall upon becoming aware of a Cash Manager and Calculation Agent Termination Event, deliver a notice (a “**Cash Manager and Calculation Agent Termination Notice**”) of such Cash Manager and Calculation Agent Termination Event to the Cash Manager and Calculation Agent (with a copy to the Issuer or the Trustee, as applicable) to terminate its appointment as Cash Manager and Calculation Agent under the Cash Management and Calculation Agency Agreement with effect from the date falling five (5) days from the date of such Cash Manager and Calculation Agent Termination Notice provided that, the Cash Manager and Calculation Agent’s appointment shall not be terminated until a successor Cash Manager and Calculation Agent has been appointed in accordance with the Cash Management and Calculation Agency Agreement.

A “**Cash Manager and Calculation Agent Termination Event**” means any of:

- (a) default is made by the Cash Manager and Calculation Agent in giving any payment instruction required to be given (**provided that** in each case there are available funds for such payment standing to the credit of the relevant Issuer Account or the Corporate Benefit Account (as applicable)) under the Cash Management and Calculation Agency Agreement and such default continues unremedied for a period of three (3) Business Days after the earlier to occur of (i) the Cash Manager and Calculation Agent becoming aware of such default and (ii) receipt by the Cash Manager and Calculation Agent of written notice from the Issuer or, (at any time (x) following the delivery of written notice to the Cash Manager and Calculation Agent that an Event of Default has occurred and is continuing unremedied and unwaived, or (y) following the delivery of an Enforcement Notice) the Trustee requiring the same to be remedied;
- (b) the Cash Manager and Calculation Agent fails to perform or observe any of its other material duties, obligations, covenants or services under the Cash Management and Calculation Agency Agreement and such default continues unremedied for a period of ten (10) Business Days after the earlier of (i) the Cash Manager and Calculation Agent becoming aware of such default or (ii) receipt by the Cash Manager and Calculation Agent of notice from the Issuer or, (at any time (x) following the delivery of written notice to the Cash Manager and Calculation Agent that an Event of Default has occurred and is continuing unremedied and unwaived, or (y) following the delivery of an Enforcement Notice) the Trustee requiring the same to be remedied; or
- (c) proceedings are initiated against the Cash Manager and Calculation Agent under any Insolvency Law, or a Receiver is appointed in relation to the Cash Manager and Calculation Agent or in relation to the whole or any substantial part of the undertaking or assets of the Cash Manager and Calculation Agent; or the Cash Manager and Calculation Agent is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved by the Noteholders of the Most Senior Class of Notes acting by way of Ordinary Resolution), **provided however**, with respect to any involuntary proceeding, any such petition is not dismissed within 14 days after presentment thereof.

*Governing Law*

The Cash Management and Calculation Agency Agreement and any non-contractual obligations arising out of or in connection with the Cash Management and Calculation Agency Agreement are governed by English law.

**Collection Account Declaration of Trust**

On or before the Closing Date, the Issuer, Funding Circle and the Trustee will enter into the Collection Account Declaration of Trust, pursuant to which Funding Circle shall, subject to the terms thereof, declare a trust over all amounts from time to time standing to the credit of the Collection Account in favour of the Issuer.

*Governing Law*

The Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it are governed by English law.

**Security Declaration of Trust**

On or before the Closing Date, the Issuer, the Security Holders and the Trustee will enter into the Security Declaration of Trust, pursuant to which the Security Holders will (i) hold on trust the Related Security in respect of each Purchased Loan Receivable, if any, on behalf of all persons entitled thereto in accordance with the Funding Circle Terms and Conditions for Investors (each as a beneficiary) and (ii) declare a trust in respect of the Purchased Defaulted Receivables and any proceeds of enforcement thereof for the benefit of the Issuer absolutely (less any Deductions that may be retained by the Servicing and Collection Agent in accordance with the provisions of the Servicing Agreement).

*Governing Law*

The Security Declaration of Trust and any non-contractual obligations arising out of or in connection with it are governed by English law.

**Account Bank Agreement**

On or before the Closing Date, the Issuer, the Issuer Account Bank, the Cash Manager and Calculation Agent and the Trustee will enter into the Account Bank Agreement, pursuant to which the Issuer appoints Citibank, N.A., London Branch as the initial Issuer Account Bank.

Pursuant to the Account Bank Agreement, Citibank, N.A., London Branch, in its capacity as Issuer Account Bank has agreed to maintain the Issuer Accounts on behalf of the Issuer.

If the Issuer Account Bank ceases to be an Eligible Institution, the Issuer shall use its best endeavours to within 30 calendar days following the first day on which the Issuer Account Bank ceased to be an Eligible Institution, either:

- (a) close the Issuer Accounts and the Corporate Benefit Account held with the Issuer Account Bank and open new replacement accounts with a financial institution (I) that is an Eligible Institution and (II) which is a bank as defined in Section 991 of the Income Tax Act 2007 which is either (x) incorporated and tax resident in the United Kingdom for United Kingdom tax purposes, or (y) tax resident outside the United Kingdom for United Kingdom tax purposes but which lends from and performs its obligations under the Account Bank Agreement from a facility office within the United Kingdom and to which payments can be made under the Account Bank Agreement without any withholding or deduction for or on account of United Kingdom taxation, and transfer all amounts standing to the credit thereof into such new accounts;
- (b) obtain an irrevocable, first demand guarantee, commensurate with any relevant Rating Agency criteria, in support of the Issuer Account Bank's obligations under the Account Bank Agreement from a financial institution that is an Eligible Institution; or
- (c) if applicable, take such other actions as may be reasonably requested by the parties to the Account Bank Agreement to ensure that the ratings of the Rated Notes immediately prior to the Issuer Account Bank ceasing to be an Eligible Institution are not adversely affected by the Issuer Account Bank ceasing to be an Eligible Institution.

*Termination*

The following events constitute "Termination Events" pursuant to the Account Bank Agreement:

- (a) Tax Deduction in respect of the interest payable on the Issuer Accounts;
- (b) in respect of the Issuer Account Bank, it ceases to be an Eligible Institution as it has failed to comply with Clause 10.7 of the Account Bank Agreement;

- (c) Issuer Account Bank is a “financial institution” as such term is defined pursuant to FATCA, and such Issuer Account Bank ceases to be a FATCA Exempt Party and a replacement of the Issuer Account Bank would avoid such application;
- (d) cessation of business by or insolvency of Issuer Account Bank;
- (e) insolvency proceeding are begun against the Issuer Account Bank;
- (f) Issuer Account Bank payment default; and
- (g) failure of the Issuer Account Bank to comply with any of its covenants or obligations.

#### *Swap Collateral Accounts*

The Issuer may from time to time instruct the opening of additional Swap Collateral Cash Accounts pursuant to the Account Bank Agreement or instruct a Custodian to open a custody (securities) accounts by entering into a Custodial Services Agreement with a Custodian relating to such additional Swap Collateral Cash Account in accordance with the Account Bank Agreement, the Cash Management and Calculation Agency Agreement and the Charge and Assignment.

#### *Governing Law*

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

#### **Principal Paying Agency Agreement**

On or before the Closing Date, the Issuer, the Registrar, the Trustee and the Principal Paying Agent will enter into the Principal Paying Agency Agreement, pursuant to which the Issuer appoints Citibank, N.A. London Branch as the initial Principal Paying Agent and Citigroup Global Markets Europe AG as Registrar.

#### *Termination*

The Issuer may at any time, with the prior written approval of the Trustee, appoint additional paying agents or registrars and/or terminate the appointment of the Principal Paying Agent or the Registrar by giving to the Principal Paying Agent or the Registrar not less than 60 calendar days’ prior written notice to that effect, **provided that** it will maintain at all times (i) a Registrar (for so long as the Notes of any Class are listed on the regulated market of Euronext Dublin) and a Principal Paying Agent, and provided always, that no such notice to terminate such appointment shall take effect until a new Principal Paying Agent or Registrar (as applicable) (approved in advance in writing by the Trustee), which agrees to exercise the powers and undertake the duties thereby conferred and imposed upon the Principal Paying Agent or the Registrar (as applicable), has been appointed, as approved by the Trustee. Notice of any change in the Principal Paying Agent or the Registrar or their specified offices will promptly be given to the Noteholders by the Issuer in accordance with Condition 10 (*Notifications*).

If at any time the Principal Paying Agent or the Registrar shall be adjudged bankrupt or insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its parties or consent to the appointment of a Receiver or similar official of all or any substantial part of its property, or if a Receiver of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or control of the Principal Paying Agent or the Registrar or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, or a resolution is passed or an order made for the winding up of the Principal Paying Agent or the Registrar, the Issuer may, with the prior written approval of the Trustee, terminate the appointment of the Principal Paying Agent or the Registrar (as applicable) forthwith upon giving written notice and without regard to the amount of days’ notice as set out in paragraph (a) above. Such termination shall not take effect until a new Principal Paying Agent or Registrar (as applicable) has been appointed. The termination of the appointment of the Principal Paying Agent or the Registrar thereunder shall not entitle the Principal Paying Agent or the Registrar to any amount by way of compensation but shall be without prejudice to any amount then accrued due.

Upon termination of the Principal Paying Agent’s or the Registrar’s appointment in accordance with the Principal Paying Agency Agreement, the Issuer shall use its reasonable endeavours to procure the appointment of a replacement Principal Paying Agent and/or Registrar, as applicable. The appointment of any replacement or additional Principal Paying Agent or Registrar shall:

- (a) be subject to the prior written consent of the Trustee (such consent not to be unreasonably withheld);
- (b) be on substantially the same terms as the Principal Paying Agency Agreement; and
- (c) be notified to the Rating Agencies by the Issuer.

#### *Governing Law*

The Principal Paying Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### **Reporting Agency Agreement**

The Issuer as the designated reporting entity under Article 7(2) of the Securitisation Regulation will make available the information as required and in accordance with Article 7 of the Securitisation Regulation. Funding Circle, as an “originator” (as defined in Article 2(3) of the Securitisation Regulation) and as one of the responsible parties for the Transaction’s compliance with Article 22(5) of the Securitisation Regulation shall be appointed by the Issuer as Reporting Agent to provide information reporting services on the Issuer’s behalf and in accordance with its regulatory requirements.

#### *Confirmations of Funding Circle*

Pursuant to the Reporting Agency Agreement, Funding Circle shall confirm that the information required by Article 7(1)(b) to (d) of the Securitisation Regulation has been made available before pricing to potential investors upon request at least in draft or initial form.

#### *Reporting under the Securitisation Regulation*

Pursuant to the Reporting Agency Agreement, the Reporting Agent will:

- (a) procure and maintain access to (i) prior to the authorisation of a Securitisation Repository, the website (which shall initially be the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=11833>) or (ii) on and following the authorisation of a Securitisation Repository, a Securitisation Repository, in each case selected by the Issuer (in consultation with the Reporting Agent) through which the Issuer wishes to fulfil its obligations under Article 7(1) of the Securitisation Regulation (the “**Reporting Medium**”);
- (b) procure that the Quarterly Loan-by-Loan Reports are made available (simultaneously with the Quarterly Investor Reports) on the Quarterly Reporting Date pursuant to Article 7(1)(a) of the Securitisation Regulation ((i) prior to the Transparency RTS coming into effect, in the form of the standardised template set out in Annex III of the CRA3 RTS as required by Article 43(8) of the Securitisation Regulation; and (ii) following the Transparency RTS coming into effect, in the form required by the Transparency RTS);
- (c) subject to receipt of the Investor Reports for the relevant period from the Cash Manager and Calculation Agent, procure that the Quarterly Investor Reports are made available (simultaneously with the Quarterly Loan-by-Loan Reports) on the Quarterly Reporting Date pursuant to Article 7(1)(e) of the Securitisation Regulation ((i) prior to the Transparency RTS coming into effect, containing the information specified in Annex VIII of the CRA3 RTS as required by Article 43(8) of the Securitisation Regulation; and (ii) following the Transparency RTS coming into effect, in the form required by the Transparency RTS);
- (d) subject to receipt or knowledge of the relevant information, publish, without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation; and
- (e) make available, within 15 days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus via <https://www.euroabs.com/IH.aspx?d=11833> (or such other website as may be notified by the Reporting Agent to the Issuer, the Cash Manager and Calculation Agent, the Servicing and Collection Agent, the Trustee, each Rating Agency and the Noteholders from time to time).

The reports and information referred to in paragraphs (a) to (d) above will be made available to the relevant Competent Authorities, investors and, on request, to potential holders of the Notes on the website of EuroABS at via <https://www.euroabs.com/IH.aspx?d=11833>, (being a website that conforms to the requirements set out in the

fourth sub-paragraph of Article 7(2) of the Securitisation Regulation) or by such other means as are required or as are permitted (and selected by the Issuer) from time to time by the Securitisation Regulation.

#### *Liability of the Reporting Agent*

The Reporting Agent shall not be liable in respect of any Liability suffered or incurred by the Issuer as a result of the performance or non-performance (i) by the Reporting Agent in carrying out its functions as Reporting Agent under the Reporting Agency Agreement save where such Liability is suffered or incurred as a result of any negligence, fraud or wilful default of the Reporting Agent, or (ii) by any subcontractor or delegate of the Reporting Agent in performing the functions transferred to it, provided that the Reporting Agent exercised due care in selecting any such subcontractor or delegate. For the avoidance of doubt, the Reporting Agent shall not be liable for:

- (a) any failure to perform its reporting services resulting from the failure of the Cash Management and Calculation Agent to provide the Reporting Agent with all information required in order to perform the reporting services in a timely manner;
- (b) the accuracy of any information provided by the Cash Manager and Calculation Agent;
- (c) any failure to make available the final versions of the documents referred to in Article 7(1)(b) prior to pricing of the Notes;
- (d) any failure of any delegate of the Reporting Agent to perform any Reporting Service delegated to it on the basis of the failure of the Issuer to pay the fees and expenses of the Reporting Medium (or the operator thereof) in a timely manner; and
- (e) if the form of the Quarterly Investor Reports or Quarterly Loan-by Loan Reports fail to satisfy the requirements of Article 7(1) of the Securitisation Regulation for so long as Article 43(8) of the Securitisation Regulation is applicable.

#### *Delegation*

The Reporting Agent may delegate its reporting obligations under the Reporting Agency Agreement and may engage, third party entities in connection with facilitating the compliance of the Issuer with its obligations under Article 7 of the Securitisation Regulation and, in particular, the generation of any such reports and access to any medium appropriate for publication of such reports. As at the Closing Date, the Reporting Agent intends to delegate the majority of its obligations to EuroABS Limited. The Reporting Agent will undertake in the Reporting Agency Agreement to use its best endeavours to exercise its rights and remedies against any delegate appointed by it in the event of non-performance of the delegated obligations. However, the Issuer will not have a direct contractual relationship with such delegates (including EuroABS Limited) and therefore will not have the ability to enforce the performance of any delegated services itself. The Reporting Agent will not be liable to the Issuer for any Liability suffered or incurred as a result of any performance or non-performance, negligence, fraud or wilful default of any delegate appointed by it, provided that the Reporting Agent exercised due care in selecting any such delegate.

#### *Governing Law*

The Reporting Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### **Interest Rate Cap**

Pursuant to the Interest Rate Cap, the Issuer will hedge a part of the interest rate risk it is exposed to due to the interest the Issuer receives under the Loan Portfolio being calculated by reference to a fixed rate of interest and the interest payments the Issuer is obliged to make under the Rated Notes being calculated by reference to Compounded Daily SONIA.

The Interest Rate Cap will have a swap notional amount of £221,258,000.00 which will amortise in accordance with a fixed notional amount schedule. On the Closing Date, the Issuer will pay the Interest Rate Cap Payment as a one-off payment and the floating amount payer shall be the Interest Rate Cap Provider. The floating rate shall be Compounded Daily SONIA with a strike price of 2 per cent.



The Interest Rate Cap designates certain events as Additional Termination Events (as defined in the Interest Rate Cap) and whether the Interest Rate Cap Provider or the Issuer (or both) are “Affected Persons” (as defined in the Interest Rate Cap). Such Additional Termination Events are, in summary:

- (a) redemption of the Rated Notes;
- (b) termination following a failure to close;
- (c) a Moody’s Rating Trigger;
- (d) an S&P Rating Trigger; or
- (e) certain modifications, amendments, consents or waivers in respect of any Condition or any Transaction Document.

For a summary of the Moody’s Rating Triggers and the S&P Ratings Triggers, please see the section entitled “Triggers Table”.

#### *Interest Rate Cap Termination*

If the Interest Rate Cap is terminated on or prior to the date of the earlier of (i) the reduction of the aggregate Principal Amount Outstanding of the Rated Notes to zero and (ii) the delivery of an Enforcement Notice, the Issuer shall use reasonable endeavours to purchase a replacement interest rate cap (taking into account any early termination payment received from the outgoing Interest Rate Cap Provider) to provide a hedge against the fixed rates of interest received in respect of the Purchased Loan Receivables in the Loan Portfolio and the floating rates of interest payable by the Issuer on the Rated Notes on terms acceptable to the Issuer with a replacement Interest Rate Cap Provider, the identity of whom the Issuer shall have notified to the Rating Agencies.

#### *Governing Law*

The Interest Rate Cap and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

#### **Funding Circle Mandate Letter**

On or before the Closing Date, the Issuer and Funding Circle will enter into the Funding Circle Mandate Letter, pursuant to which the Issuer will adhere to the Funding Circle Terms and Conditions for Investors, subject to certain amendments, including, *inter alia*:

- (a) a statement that Funding Circle consents to the Issuer becoming an investor on the Funding Circle Platform;
- (b) an agreement that the Issuer will not be required to use any bank accounts to receive payments in respect of the Purchased Loan Receivables other than the Collection Account and the Issuer Accounts;
- (c) certain details in respect of the Intermediary Services Fee; and
- (d) an agreement that the Issuer shall not make Advances directly to Funding Circle Borrowers on the Funding Circle Platform.

#### *Governing Law*

The Funding Circle Mandate Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### **Subordinated Loan Agreement**

On or before the Closing Date, the Issuer and the Subordinated Loan Providers will enter into the Subordinated Loan Agreement, pursuant to which the Subordinated Loan Providers will each grant a Subordinated Loan to the Issuer.

#### *Use of Proceeds*

The Issuer agrees it will apply the proceeds of the Subordinated Loans advanced thereunder only as follows:

- (a) to make a deposit in an amount equal to the Cash Reserve Required Amount into the Cash Reserve Account;
- (b) to make a deposit in an amount equal to Liquidity Reserve Required Amount into the Liquidity Reserve Account;
- (c) to purchase the Interest Rate Cap on the Closing Date; and
- (d) to pay any amount of Purchase Price in respect of the Loan Portfolio not paid by the net proceeds from the issue of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class X Notes and Class Z Notes.

*Interest*

The Subordinated Loan bears interest at a rate of 0.5% *per cent. per annum* on its outstanding principal balance, which is capitalised and will be repaid as principal in accordance with the applicable Priority of Payments.

*Repayment*

The Issuer shall, subject to and in accordance with the applicable Priority of Payments, repay the outstanding principal amount of the Subordinated Loans on the Final Maturity Date, to the extent of the available funds.

*Governing Law*

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

## **DESCRIPTION OF THE NOTES IN GLOBAL FORM**

### **General**

The Notes of each Class will be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and will be represented on issue by one or more Global Notes of such Class in fully registered form without interest coupons or principal receipts attached (each a “**Global Note**”). Beneficial interests in a Global Note may only be held through Euroclear or Clearstream, Luxembourg or their Participants at any time.

All capitalised terms not defined in this paragraph shall be as defined in the Conditions.

The Notes will be issued in registered form and are intended upon issue to be deposited with and registered in the name of a nominee of a common safekeeper on behalf of one of the ICSDs.

The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Trustee will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Book-Entry Interests in respect of Global Notes will be recorded in denominations of £100,000 (the “**Minimum Denomination**”) and, for so long as Euroclear or Clearstream, Luxembourg so permit integral multiples of £1,000 in excess thereof. 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 (“**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. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. 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 (i) the Retention Holders in respect of the Notes held by the Retention Holders and (ii) the Arranger and the Joint Lead Managers in respect of the remaining Rated Notes. 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 of the Common Safekeeper is the registered holder of the Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set forth under the paragraph entitled “*Issuance of Definitive Certificates*” 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 the paragraph entitled “*Action in Respect of the Global Note 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 Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Certificates, the Global Notes registered in the name of the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Notes 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 forth under the paragraph entitled “*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 each Global Note, as the case may be, 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.

#### **Trading between Euroclear and/or Clearstream, Luxembourg participants**

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

#### **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 the Issuer to the holder thereof. 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 Common Safekeeper or its 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 neither the Issuer, the Trustee, the Agents nor 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 Safekeeper, the respective systems will promptly credit their Participants’ accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date, 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 shall be one Clearing System Business Day prior to the relevant Note Payment Date where “**Clearing System Business Day**” means a day on which each Clearing System for which the Notes are being held is open for business. 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 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 Joint Lead Managers, the Cash Manager and Calculation Agent or 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**

### *Euroclear and Clearstream, Luxembourg*

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 depository 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 or 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 Charge and Assignment, 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 any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the nominee of the Common Safekeeper and, upon final payment, will cancel such Global Note (or portion thereof). 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).

### **Cancellation**

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

### **Transfers and Transfer Restrictions**

All transfers of Book-Entry Interests will be recorded with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to the customary procedures established by each respective system and its Participants.

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.

### Settlement and transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**beneficial owner**") will in turn be recorded on the Participant's records. Beneficial owners will not receive written confirmation from any Clearing System of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct Participant and Indirect Participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of beneficial owners. **Beneficial owners will not receive individual Notes representing their ownership interests in such Notes unless use of the book-entry system for the Notes described in this section is discontinued.**

No Clearing System has knowledge of the actual beneficial owners of the Notes held within such Clearing System and their records will reflect only the identity of the direct Participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to direct Participants, by direct Participants to Indirect Participants, and by direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 Clearing System and its Participants. See the paragraph entitled "*General*" above.

### Issuance of Definitive Certificates

Holders of Book-Entry Interests in the Global Note will be entitled to receive certificates evidencing definitive Notes in registered form ("**Definitive Certificates**") 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 14 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 and no alternative Clearing System is available or (b) as a result of any amendment to, or change in, the laws or regulations of Ireland (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 revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or the Principal 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 form.

Any Definitive Certificates issued in exchange for Book-Entry Interests in a 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. 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 Certificates issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Certificate, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under the paragraph entitled "*Transfers and Transfer Restrictions*" above, **provided that** no transfer shall be registered for a period of 15 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 Certificates will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

## Book-Entry Interests

Unless and until Definitive Certificates are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

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

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to a nominee of the Common Safekeeper for Euroclear and Clearstream, Luxembourg. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit Participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by Participants or indirect payments to owners of Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, the Trustee, the Cash Manager and Calculation Agent, the Principal Paying Agent, the Registrar or any other Transaction Party will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

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

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

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements and in accordance with the rules and regulations of any applicable Clearing System. In order for a Noteholder to effect a transfer of Notes to a potential purchaser, the Noteholder and the potential purchaser will need to comply with the applicable transfer restrictions (see "*Transfers and Transfer Restrictions*"). To the extent such transfer restrictions cannot be complied with, a Noteholder should be prepared to hold its Notes until the Final Maturity Date or until it can effect a transfer to a potential purchaser that complies with the requirements of the applicable transfer restrictions. In order to comply with any applicable laws and regulations in respect of such transfer, potential purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered.

### **Action in Respect of the Global Note and the Book-Entry Interests**

Not later than 10 days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, 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 Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and 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 Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under the paragraph entitled “*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.

### **Reports**

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Note or the Book-Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to each of Euroclear and Clearstream, Luxembourg (the “**Clearing Systems**”) for communication by them to the holders of the relevant Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are admitted the Official List and trading on Euronext Dublin’s regulated market) any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin by a notification in writing to the Company Announcements Office of Euronext Dublin. See also Condition 10 (*Notifications*).

### **Safekeeping structure and Eurosystem eligibility**

The Notes are intended upon issue to be held in a manner which will allow the European System of Central Banks (as the term is used in the Governing Council of the European Central Bank) (“**Eurosystem**”) eligibility. This means that the Notes are intended to be deposited with one of Euroclear and/or Clearstream, Luxembourg as common safekeeper and registered in the name of a nominee of one of the Clearing Systems acting as common safekeeper, and does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that all Eurosystem eligibility has been met.



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

The class A notes are £165,006,000 floating rate asset-backed notes (the “**Class A Notes**”), the class B notes are £7,500,000 floating rate asset-backed notes (the “**Class B Notes**”), the class C notes are £22,501,000 floating rate asset-backed notes (the “**Class C Notes**”), the class D notes are £26,251,000 floating rate asset-backed notes (the “**Class D Notes**”), the class E notes are £16,251,000 floating rate asset-backed notes (the “**Class E Notes**”), the Class X notes are £12,500,000 floating rate asset-backed notes (the “**Class X Notes**”) and the Class Z notes are £12,500,000 variable rate asset-backed notes (the “**Class Z Notes**”), in each case due on the Note Payment Date falling in October 2028 (the “**Final Maturity Date**”) and are constituted by a Trust Deed (the “**Trust Deed**”) dated on or about 27 November 2019 (the “**Closing Date**”) and made between Small Business Origination Loan Trust 2019-3 DAC (the “**Issuer**”) and Citibank, N.A., London Branch (the “**Trustee**”, which expression shall include all persons for the time being the Trustee or trustees under the Trust Deed) as trustee for, *inter alios*, the holders of the Class A Notes (the “**Class A Noteholders**”), the Class B Notes (the “**Class B Noteholders**”), the Class C Notes (the “**Class C Noteholders**”), the Class D Notes (the “**Class D Noteholders**”), the Class E Notes (the “**Class E Noteholders**”), the Class X Notes (the “**Class X Noteholders**”) and the Class Z Notes (the “**Class Z Noteholders**”) (together, the “**Noteholders**”).

Pursuant to a principal paying agency agreement (the “**Principal Paying Agency Agreement**”) dated on or before the Closing Date between the Issuer, the Trustee, Citibank, N.A., London Branch as the principal paying agent (the “**Principal Paying Agent**”) and Citigroup Global Markets Europe AG (the “**Registrar**”), provision is made for the payment of principal and interest in respect of the Notes.

References to each of the Transaction Documents are to the relevant Transaction Document as from time to time amended in accordance with its provisions and/or any deed or other document expressed to be supplemental to it, as from time to time so modified.

The statements in these terms and conditions (the “**Conditions**”) include an overview of, and are subject to the detailed provisions of, the other Transaction Documents copies of which (other than copies of the Subscription Agreement) are available for inspection during normal business hours at the registered office of the Issuer. The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions contained in these Conditions, the Trust Deed and the Charge and Assignment and are deemed to have notice of all the provisions contained in the other Transaction Documents.

Capitalised terms and expressions used and not otherwise defined in these Conditions shall have the meanings given to them in the Trust Deed.

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 14 November 2019.

### 1. Form and Denomination

- (a) Small Business Origination Loan Trust 2019-3 DAC, a designated activity company limited by shares, that is to say a private company limited by shares, registered under Part 16 of the Companies Act (under company registration number 655533) with its registered office at 1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland issues the Notes pursuant to these Conditions.
- (b) The Notes are in fully registered form in the Minimum Denomination for such Notes, without principal receipts, interest coupons or talons attached.
- (c) The Principal Amount Outstanding of the Notes of each Class initially offered and sold outside the United States under the United States Securities Act of 1933, as amended (the “**Securities**”).

**Act**) is represented by one or more global registered notes in fully registered form (the “**Global Notes**”) without coupons attached. References herein to the “Notes” shall include (i) in relation to any Notes of a class represented by a Global Note, units of the Minimum Denomination of such class, (ii) any Global Note and (iii) any Definitive Certificate issued in exchange for a Global Note.

- (d) For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes 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 S.A./N.V. or Clearstream Banking, société anonyme, as appropriate.
- (e) For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of £100,000 and integral multiples of £1,000 thereafter.
- (f) Certificates evidencing definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the “**Definitive Certificates**”) will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Certificates, if issued, will be issued in the denomination of £100,000 and any amount in excess thereof in integral multiples of £1,000.
- (g) If, while any Notes are represented by a Global Note:
  - (i) in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative Clearing System is available; or
  - (ii) as a result of any amendment to, or change in, the laws or regulations of Ireland (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee (upon which the Trustee shall be entitled to rely without enquiry or Liability to any person),  
  
(each a “**relevant event**”), the Issuer will issue Definitive Certificates to Noteholders whose accounts with the relevant Clearing Systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Note will not be exchangeable for Definitive Certificates in any other circumstances.
- (h) No Notes will be issued in bearer form.

## **2. Title**

- (a) The person registered in the Register as the holder of any Note will (to the fullest extent permitted by Applicable Law) 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, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.
- (b) The Global Certificate is registered in the name of a common safekeeper (the “**Common Safekeeper**”) (or a nominee thereof) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”).
- (c) No transfer of a Note will be valid unless and until entered on the Register.

- (d) The Register shall not be kept and maintained in the United Kingdom.
- (e) Transfers and exchanges of beneficial interests in the Global Note and any Definitive Certificates and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Note who so requests (and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- (f) A Definitive Certificate, may be transferred in whole or in part upon the surrender of the relevant Definitive Certificate, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Certificate, a new Definitive Certificate, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar or the Principal Paying Agent.
- (g) Each new Definitive Certificate, to be issued upon transfer of Definitive Certificates will, within 15 Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Certificate, to such address as may be specified in such request.
- (h) Registration of Definitive Certificates on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- (i) No holder of a Definitive Certificate, may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.
- (j) References in these Conditions to a Noteholder are references to the person shown in the Register as the holder of the registered Global Note. Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg, as the case may be, as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg (as the case may be) for such Accountholder’s share of each payment made by the Issuer to such Accountholder and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note will be determined by the respective rules and procedures of Euroclear and/or Clearstream, Luxembourg (as the case may be) from time to time. For so long as the relevant Notes are represented by a Global Note, Accountholders shall have no claim directly against the Issuer or in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to registered holder of the Global Note, as the case may be. For so long as the relevant Notes are represented by a Global Note, transfers and exchanges of beneficial interests in that Global Note and entitlement to payments under that Global Note will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear and/or Clearstream, Luxembourg. Beneficial interests in a Global Note may only be held through Euroclear or Clearstream, Luxembourg at any time.

### **3. Status and Priority**

- (a) The Class A Notes constitute direct, secured and (subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*)) unconditional obligations solely of

the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.

- (b) The Class B Notes constitute direct, secured and (subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*)) unconditional obligations solely of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but (i) junior with respect to payments of interest and (ii) after the occurrence of a Sequential Amortisation Trigger Event, junior with respect to repayment of principal in respect of, Class A Notes as provided in these Conditions and the Transaction Documents.
- (c) The Class C Notes constitute direct, secured and (subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*)) unconditional obligations solely of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but (i) junior with respect to payments of interest and (ii) junior with respect to repayment of principal in respect of, Class A Notes and the Class B Notes as provided in these Conditions and the Transaction Documents.
- (d) The Class D Notes constitute direct, secured and (subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*)) unconditional obligations solely of the Issuer. The Class D Notes rank *pari passu* without preference or priority amongst themselves but (i) junior with respect to payments of interest and (ii) after the occurrence of a Sequential Amortisation Trigger Event, junior with respect to repayment of principal in respect of, Class A Notes, the Class B Notes and the Class C Notes as provided in these Conditions and the Transaction Documents.
- (e) The Class E Notes constitute direct, secured and (subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*)) unconditional obligations solely of the Issuer. The Class E Notes rank *pari passu* without preference or priority amongst themselves but (i) junior with respect to payments of interest and (ii) after the occurrence of a Sequential Amortisation Trigger Event, junior with respect to repayment of principal in respect of, Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as provided in these Conditions and the Transaction Documents.
- (f) The Class X Notes constitute direct, secured and (subject to Condition 4 (*Limited recourse; Non-petition; Corporate Obligations; Security mandate*)) unconditional obligations solely of the Issuer. The Class X Notes rank *pari passu* without preference or priority amongst themselves but (i) junior with respect to payments of interest and (ii) after the occurrence of a Sequential Amortisation Trigger Event, junior with respect to repayment of principal in respect of, Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as provided in these Conditions and the Transaction Documents.
- (g) The Class Z Notes constitute direct, secured and (subject to Condition 4 (*Limited recourse; Non-petition; Corporate Obligations; Security mandate*)) unconditional obligations solely of the Issuer. The Class Z Notes rank *pari passu* without preference or priority amongst themselves but (i) junior with respect to payments of interest and (ii) after the occurrence of a Sequential Amortisation Trigger Event, junior with respect to repayment of principal in respect of, Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes as provided in these Conditions and the Transaction Documents.
- (h) Prior to the service of an Enforcement Notice, the Cash Manager and Calculation Agent (on behalf of the Issuer) is required to apply Available Interest Proceeds and Available Principal Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments and Pre-Acceleration Principal Priority of Payments (as applicable) and thereafter will apply (on behalf of the Trustee) all amounts standing to the credit of the Issuer Transaction Account and all other proceeds (other than amounts representing (i) any Excess Swap Collateral which shall be returned directly to an Interest Rate Cap Provider (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (ii) prior to the designation of an early termination date under an Interest Rate Cap and the resulting application of the Swap Collateral by way of netting or set-off, all Swap Collateral provided by an Interest Rate Cap Provider to the Issuer pursuant to an Interest Rate Cap (and any interest or distributions in respect thereof), (iii) any Replacement Swap Premium (only to the extent it is applied directly

to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Interest Rate Cap Provider), and (iv) any Swap Tax Credits which shall be applied directly to an Interest Rate Cap Provider in accordance with the Cash Management and Calculation Agency Agreement) from the enforcement of the Security or otherwise recovered by the Trustee in accordance with the Post-Acceleration Priority of Payments.

#### **4. Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate**

##### **4.1 Limited recourse**

Notwithstanding any of the provisions of the Conditions or any other Transaction Document, each Noteholder and each of the Transaction Parties (other than the Issuer) acknowledges and agrees that if the net proceeds of realisation of the security constituted by the Charge and Assignment are less than the aggregate amount payable by the Issuer to the Noteholders and any other Secured Creditors in respect of its debts, liabilities or obligations under the Transaction Documents (such negative amount being referred to herein as a “**shortfall**”), the amount payable by the Issuer to the Noteholders and each other Secured Creditor in respect of the Issuer’s debts, liabilities or obligations under such Transaction Document shall be reduced to such amount of the net proceeds as shall be applied in accordance with the Charge and Assignment and the applicable Priority of Payments, and such parties shall not (directly or indirectly) be entitled to take any further steps against the Issuer to recover such shortfall, which shall be deemed to be automatically extinguished.

##### **4.2 Non-petition**

Each Noteholder and each of the Transaction Parties (other than the Issuer) acknowledge and agree that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings under any applicable bankruptcy or similar law in connection with any debts, liabilities or obligations of the Issuer under the Notes or the Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation to the Notes or such Transaction Document. For the avoidance of doubt, nothing in this Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*) shall prevent the Trustee enforcing the security constituted by the Charge and Assignment in accordance with its terms, **provided that** in connection with any such enforcement neither the Trustee nor any receiver appointed thereunder shall take any steps or proceedings to procure the winding up, examinership or liquidation of the Issuer.

##### **4.3 Corporate Obligations**

Each Noteholder and each of the Transaction Parties (other than the Issuer) acknowledges and agrees that no recourse under any obligation, covenant, or agreement of the Issuer contained in any Transaction Document may be sought by it against any shareholder, officer, agent, employee or director of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the Transaction Documents are corporate obligations of the Issuer only. Each Noteholder and each of the Transaction Parties (other than the Issuer) acknowledges and agrees that no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in any Transaction Document, or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or director is thereby deemed expressly waived by the parties.

4.4 Security mandate

- (a) The Notes, together with all other Secured Obligations of the Issuer, are secured by the Charged Property pursuant to and on the terms set out in a Charge and Assignment dated on or before the Closing Date.
- (b) Without prejudice to the rights of the Trustee after the Security has become enforceable, the Issuer authorises the Trustee prior to the Security becoming enforceable, subject to the terms of the Charge and Assignment, to exercise, or refrain from exercising, all rights, powers, authorities, discretions and remedies under or in respect of the Charged Property, in accordance with the terms of the Charge and Assignment, in such manner as in its absolute discretion it shall think fit subject to it being indemnified and/or prefunded and/or secured to its satisfaction.

**5. General Covenants of the Issuer**

5.1 Restrictions on activities

The Issuer Covenants contain certain covenants in favour of the Trustee from the Issuer which, **amongst** other things, restrict the ability of the Issuer to create or incur any indebtedness, dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

5.2 Appointment of Trustee

As long as any Notes are outstanding, the Issuer shall ensure that a trustee is, or separate trustees are, appointed at all times who is or are bound to perform the same functions and obligations as the Trustee pursuant to these Conditions, the Trust Deed and the Charge and Assignment.

**6. Interest**

(a) Note Payment Dates

(i) Rated Notes, Class E Notes and Class X Notes

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes each bear interest from (and including) the Closing Date and such interest will be payable in Sterling in arrear on each Note Payment Date commencing on the First Note Payment Date, for the Interest Period ending on but excluding such Note Payment Date, subject to the terms of this Condition 6 (*Interest*).

(ii) Class Z Notes

(A) Interest shall accrue on the Class Z Notes in an amount equal to (i) the aggregate of income and gains earned by the Issuer during an accounting period less the costs and expenses accrued for that period and, (ii) to the extent not included in the foregoing, the taxable profits of the Issuer, less the Issuer Corporate Benefit, as computed under Irish taxation principles.

(B) Interest shall be payable on the Class Z Notes in accordance with paragraph (v) of the Pre-Acceleration Interest Priority of Payments and paragraph (v) of the Post-Acceleration Priority of Payments on each Note Payment Date or other relevant payment date.

(C) Notwithstanding any other provision of these Conditions or the Trust Deed, all references herein and therein to the Class Z Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of £1 principal amount of the Class Z Notes remains outstanding at all times until the date that all of the Charged Property has been realised and no Available Interest Proceeds or Available Principal Proceeds remain available for distribution in accordance with the applicable Priority of Payments.

(b) Interest Accrual

(i) Rated Notes and Class E Notes and Class X Notes

Each Rated Note and Class E and Class X Note (or, as the case may be, the relevant part thereof due to be redeemed) will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (*Interest*) (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Rated Note or Class E and Class X Note (as applicable) up to that day are received by or on behalf of the relevant Noteholder and (B) the day following seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 10 (*Notifications*) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(ii) Class Z Notes

Payments on the Class Z Notes will cease to be payable in respect of each Class Z Note upon the date that all of the Charged Property has been realised and no Available Interest Proceeds or Available Principal Proceeds remain available for distribution in accordance with the applicable Priority of Payments.

(c) Deferral of Interest

(i) For so long as they are not the Most Senior Class of Notes, the Issuer shall only be obliged to pay any Interest Amount payable in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes in full on any Note Payment Date, in each case to the extent that there are Available Interest Proceeds available for payment thereof in accordance with the applicable Priority of Payments.

(ii) For so long as they are not the Most Senior Class of Notes, in the case of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(c) (*Deferral of Interest*) otherwise be due and payable in respect of such Class on any Note Payment Date (each such amount being referred to as “**Deferred Interest**”) will not be payable on such Note Payment Date, but will instead be deferred until the first Note Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer’s liabilities of a higher priority and subject to and in accordance with the Conditions) to fund the payment of such Deferred Interest to the extent of such available funds.

(iii) Such Deferred Interest will accrue interest (“**Additional Interest**”) at the rate of interest applicable to that Class in accordance with Condition 6(e) (*Interest on the Rated Notes, Class E Notes and Class X Notes*), and payment of any Additional Interest will also be deferred until the first Note Payment Date thereafter on which funds are available (subject to and in accordance with the Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.

(d) Payment of Deferred Interest and Additional Interest

(i) For so long as they are not the Most Senior Class of Notes, Deferred Interest and Additional Interest in respect of any of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes shall only become payable by the Issuer in accordance with the relevant paragraphs of the applicable Priority of Payments, to the extent that Available Interest Proceeds, or, where applicable, other net proceeds of enforcement of the Security, are available to make such payment in accordance with the applicable Priority of Payments.

(ii) For so long as they are not the Most Senior Class of Notes, failure to pay any Deferred Interest or Additional Interest to holders of the Class B Notes, the Class C Notes, the

Class D Notes, the Class E Notes and the Class X Notes, as applicable, will not be an Event of Default until the Final Maturity Date or any earlier date of redemption in full of such Class of Notes and any such amount which has not then been paid in respect of the relevant Class of Notes will thereupon become due and payable in full.

(e) Interest on the Rated Notes, Class E Notes and Class X Notes

(i) Rate of Interest

The rate of interest from time to time in respect of the Class A Notes (the “**Class A Rate of Interest**”), in respect of the Class B Notes (the “**Class B Rate of Interest**”), in respect of the Class C Notes (the “**Class C Rate of Interest**”), in respect of the Class D Notes (the “**Class D Rate of Interest**”) and in respect of the Class E Notes (the “**Class E Rate of Interest**”) and in respect of the Class X Notes (the “**Class X Rate of Interest**”) (and each a “**Rate of Interest**”) will be determined by the Cash Manager and Calculation Agent on the following basis:

- (A) the Compounded Daily SONIA (as defined below) is determined as soon as practicable after 11.00 am (London time) on the Interest Determination Date in question (the “**Reference Rate**”);
- (B) each Rate of Interest for the Interest Period in respect of each Class of Note (except the Class Z Notes) shall be the Reference Rate plus the Relevant Margin (as defined below);
- (C) subject to paragraph (B) above, if a Rate of Interest cannot be determined by the Cash Manager and Calculation Agent in accordance with these Conditions, such Rate of Interest shall be (1) the Rate of Interest for the previous Interest Period, or (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such 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 relevant Notes at that time the Issuer shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Benchmark Rate in accordance with Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*).
- (E) For the purposes of these Conditions:

“**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 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 Cash Manager and Calculation Agent as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**d<sub>0</sub>**” is the number of Banking Days in the relevant Interest Period;



“ $i$ ” is a series of whole numbers from one to  $d_0$ , each representing the relevant Banking Day in chronological order from, and including the first Banking Day in the relevant Interest Period;

“ $n_i$ ”, for any day “ $i$ ”, means the number of calendar days from and including such day “ $i$ ” up to but excluding the following Banking Day; and

“ $SONIA_{i-5LBD}$ ” means, in respect of any Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the Banking Day falling five Banking Days prior to the relevant Banking Day “ $i$ ”;

“**Interest Commencement Date**” means the Issue Date;

“**Interest Determination Date**” means the fifth Banking Day before the Note Payment Date for which the Rate of Interest to be determined on such date will apply;

“**Observation Period**” means the period from and including the date falling five 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 Banking Days prior to the Note Payment Date for such Interest Period (or, if applicable, the date falling five Banking Days prior to any date on which a payment of interest is to be made in respect of the Notes);

“**SONIA Reference Rate**” means, in respect of any Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Reference Screen or, if the Reference Screen is unavailable, as otherwise published by such authorised distributors (on the Banking Day immediately following such Banking Day).

If in respect of any Banking Day in the relevant Observation Period, the Cash Manager and Calculation Agent determines that the SONIA Reference Rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spreads (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate;

“**Reference Screen**” means the Reuters 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 as may be determined by the Issuer; and

“**Relevant Margin**” means:

- (1) in the case of the Class A Notes: 1.39 *per cent. per annum* (the “**Class A Margin**”);
- (2) in the case of the Class B Notes: 2.00 *per cent. per annum* (the “**Class B Margin**”);
- (3) in the case of the Class C Notes: 3.00 *per cent. per annum* (the “**Class C Margin**”);
- (4) in the case of the Class D Notes: 4.45 *per cent. per annum* (the “**Class D Margin**”);
- (5) in the case of the Class E Notes: 5.85 *per cent. per annum* (the “**Class E Margin**”);  
and
- (6) in the case of the Class X Notes: 4.80 *per cent. per annum* (the “**Class X Margin**”);  
and
- (F) Notwithstanding paragraphs (A) and (B) above, if, in relation to any Interest Determination Date, the Rate of Interest in respect of any Class of Rated Notes or Class X Notes as determined in accordance with paragraphs (A) and

(B) above would yield a rate less than zero, such rate shall be deemed to be zero for the purposes of determining the Rate of Interest pursuant to this Condition 6(e)(i) (*Rate of Interest*).

(ii) Determination of Rate of Interest and Calculation of Interest Amounts

The Cash Manager and Calculation Agent will, as soon as practicable after 11.00 am (London time) on each Interest Determination Date, but in no event later than the Business Day after such date, determine the Class A Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class D Rate of Interest, the Class E Rate of Interest and the Class X Rate of Interest and calculate the interest amount payable in respect of Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes for the relevant Interest Period (each such amount, together with the Class Z Interest Amount, an “**Interest Amount**”). The amount of interest payable in respect of such Notes shall be calculated by multiplying (a) the Class A Rate of Interest in the case of the Class A Notes, the Class B Rate of Interest in the case of the Class B Notes, the Class C Rate of Interest in the case of the Class C Notes, the Class D Rate of Interest in the case of the Class D Notes, the Class E Rate of Interest in the case of the Class E Notes and the Class X Rate of Interest in the case of the Class X Notes, respectively, by (b) an amount equal to the Principal Amount Outstanding in respect of such Class of Notes, and by multiplying the product thereof by (c) the actual number of days in the Interest Period concerned, divided by 365 (or 366 days in the case of a leap year beginning in 2020) and rounding the resultant figure to the nearest £0.01 (£0.005 being rounded upwards). The Cash Manager and Calculation Agent will, as soon as practicable after 11.00 am (London time) on each Interest Determination Date, but in no event later than the Business Day after such date, determine the Class Z Interest Amount by calculating the interest excess amounts (if any) equal to the amounts applied as such in accordance with the applicable Priority of Payments.

(iii) Cash Manager and Calculation Agent

(A) The Issuer will procure that, so long as any Class A Note, Class B Note, Class C Note, Class D Note, Class E Note or Class X Note remains Outstanding, a Cash Manager and Calculation Agent shall be appointed and maintained for the purposes of determining the Rate of Interest and Interest Amount payable in respect of the Notes.

(B) If the Cash Manager and Calculation Agent is unable or unwilling to continue to act as the Cash Manager and Calculation Agent for the purpose of calculating interest hereunder or fails duly to establish any Rate of Interest for any Interest Period, or to calculate the Interest Amount on any Class of Rated Notes or Class X Notes, the Issuer shall (with the prior written approval of the Trustee) appoint some other leading bank to act as such in its place. The Cash Manager and Calculation Agent may not resign its duties without a successor having been so appointed.

(f) Publication of Rates of Interest, Interest Amounts and Deferred Interest

The Cash Manager and Calculation Agent will, at the expense of the Issuer, cause the Class A Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class D Rate of Interest, the Class E Rate of Interest and the Class X Rate of Interest or the Interest Amounts payable in respect of each Class of Rated Notes or Class X Notes, the amount of any Deferred Interest and Additional Interest due but not paid on any Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class X Notes for each Interest Period and Note Payment Date, and the Principal Amount Outstanding of each Class of Notes as of the applicable Note Payment Date to be notified to the Registrar, the Principal Paying Agent and the Trustee, and for so long as the Notes are listed on Euronext Dublin’s regulated market, Euronext Dublin, as soon as possible after their determination but in no event later than five (5) Business Days thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 10 (*Notifications*) as soon as possible

following notification to the Principal Paying Agent but in no event later than five (5) Business Days after such notification to the Principal Paying Agent. The Interest Amounts in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes or Class X Notes or the Note Payment Date in respect of any Class so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If any of the Notes become due and payable under Condition 13 (*Events of Default*), interest shall nevertheless continue to be calculated as previously by the Cash Manager and Calculation Agent in accordance with this Condition 6 (*Interest*) but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

- (g) Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*), by the Cash Manager and Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager and Calculation Agent, the Trustee, the Registrar, the Principal Paying Agent and all Noteholders and no Liability to the Issuer or the Noteholders of any Class shall attach to the Cash Manager and Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6 (*Interest*).

## 7. Payments on the Notes

### 7.1 Payment of interest

Payments of interest in respect of the Notes to the Noteholders shall become due and payable on each Note Payment Date subject to the applicable Priority of Payments:

- (a) the Class A Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class A Notes;
- (b) the Class B Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class B Notes;
- (c) the Class C Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class C Notes;
- (d) the Class D Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class D Notes;
- (e) the Class E Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class E Notes;
- (f) the Class X Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class X Notes; and
- (g) the Class Z Interest Amount payable for such Note Payment Date, to be paid to the holder(s) of the Class Z Notes.

### 7.2 Payment of principal

Payments of principal on the Notes will be made on each Note Payment Date in accordance with Condition 8 (*Redemption*) and subject to the applicable Priority of Payments.

### 7.3 Payments and discharge

- (a) Payments of principal and interest in respect of the Notes shall be made by the Issuer, through the Principal Paying Agent or otherwise provided for, in accordance with the applicable Priority of Payments, on each Note Payment Date for subsequent transfer to the Noteholders in accordance with Condition 6 (*Interest*) or Condition 8 (*Redemption*) (as applicable).

- (b) Every payment of principal or interest in respect of the Notes made by the Issuer to the Principal Paying Agent, in the manner provided in the Principal Paying Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in clause 2.2 (*Covenants to Pay*) of the Trust Deed.

#### 7.4 Calculations in the event of a Servicer Disruption

If, with respect to any Note Payment Date, a Servicer Disruption occurs such that the Cash Manager and Calculation Agent is not provided with the relevant Servicing Report on the Reporting Date or the Servicing Report delivered fails to contain any part of the stipulated information, the Cash Manager and Calculation Agent shall, to the extent possible, calculate the amounts payable pursuant to the applicable Priority of Payments on such Note Payment Date by reference to (a) any invoice or similar documentation that has been provided to the Cash Manager and Calculation Agent stating the amount due and payable on such Note Payment Date, or (b) where no such invoice or similar documentation has been provided, the information contained in the previous Servicing Report delivered with respect to the immediately preceding Note Payment Date and taking into account the payments made pursuant to the applicable Priority of Payments on such Note Payment Date without any liability as a result thereof.

Upon receipt of the Servicing Report delivered following any Servicer Disruption, the Cash Manager and Calculation Agent shall calculate the amounts payable in accordance with the applicable Priority of Payments on any Note Payment Date that occurred whilst the Servicer Disruption was continuing.

#### 7.5 Identification of received funds

Subject to the timely receipt of all relevant information in the relevant Servicing Report on the Reporting Date and based on the Servicing Report, the Cash Manager and Calculation Agent shall determine and report (in the relevant Investor Report) the following amounts, which have been transferred to the Issuer Accounts in each Collection Period:

- (a) the proceeds of the issuance of the Notes and of the Subordinated Loans;
- (b) all Available Interest Proceeds;
- (c) all Available Principal Proceeds;
- (d) any Deemed Collections;
- (e) any amounts received under an Interest Rate Cap; and
- (f) any other amounts whatsoever received by or on behalf of the Issuer in respect of the Purchased Loan Receivables after the Closing Date subject to the terms of the Transaction Documents.

#### 7.6 Interest Rate after an Event of Default

If the Notes become immediately due and repayable and are not immediately paid by the Issuer the interest payable in respect of such Notes will continue to be calculated (with consequential amendments, as necessary) in accordance with Condition 6(e) (*Interest on the Rated Notes, Class E Notes and Class X Notes*) at the same intervals as are provided by the Conditions for the calculation of interest, the first of which will commence on the expiry of the Note Payment Date on which such Notes become so repayable.

## 8. Redemption

### 8.1 Mandatory repayment

On each Note Payment Date (prior to the delivery of an Enforcement Notice) the Issuer shall apply the Available Principal Proceeds to redeem the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Acceleration Principal Priority of Payments.

Following the delivery of an Enforcement Notice the Issuer shall redeem the Notes in accordance with the Post-Acceleration Priority of Payments.

#### 8.2 Optional Redemption in whole – Clean-up Call

The Issuer may (or, for so long as any Class Z Notes remain outstanding, shall if so directed by the Class Z Noteholders acting by way of Ordinary Resolution) redeem the Notes of each Class in whole (but not in part) at their Principal Amount Outstanding together with accrued (and unpaid) interest thereon up to but excluding the date of redemption on any Note Payment Date falling on or after the Optional Redemption Trigger Date (the “**Clean-Up Call Option**”), subject to the following:

- (a) no Event of Default has occurred;
- (b) that the Issuer has given not more than 60 nor less than 14 days’ prior written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class (other than the Class Z Notes);
- (c) that prior to giving any such notice, the Issuer has provided to the Trustee, a certificate signed by two directors of the Issuer to the effect that the right to exercise the Clean-Up Call Option has arisen (upon which certificate the Trustee shall rely absolutely and without enquiry or liability); and
- (d) that prior to giving any such notice, the Issuer has provided to the Trustee, a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Note Payment Date, not subject to the interest of any other person, required to redeem all the Notes (other than the Class Z Notes) pursuant to this Condition and meet its payment obligations of a higher priority under the Post-Acceleration Priority of Payments (upon which certificate the Trustee shall rely absolutely and without enquiry or liability).

#### 8.3 Mandatory Redemption pursuant to the exercise of the Portfolio Option

Following the exercise of the Portfolio Option by the Portfolio Option Holder, the Issuer shall redeem the Notes of each Class (other than the Class Z Notes) in whole (but not in part) at their Principal Amount Outstanding together with accrued (and unpaid) interest thereon up to but excluding the date of redemption on the Portfolio Option Exercise Date (being the relevant Note Payment Date falling on or after the Optional Redemption Trigger Date).

The Issuer shall redeem the Notes (other than the Class Z Notes) on the Portfolio Option Exercise Date using the proceeds of a Cash Collateralisation or a Portfolio Sale, as applicable, which shall be applied in accordance with the Post-Acceleration Priority of Payments. In addition, in respect of a mandatory redemption by way of a Portfolio Sale, to the extent that there are any amounts remaining after the payment in full of all items ranking above payments to the Class Z Noteholders in the Post-Acceleration Priority of Payments, such amounts shall be paid *pro rata* and *pari passu* to the Class Z Noteholders.

Following receipt of notice from the Portfolio Option Holder as to the exercise of the Portfolio Option in accordance with the terms of the Deed Poll, the Issuer shall give not more than 60 nor less than 14 days’ prior written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class (other than the Class Z Notes).

#### 8.4 Mandatory Redemption in whole following a Tax Event

The Issuer shall redeem the Notes of each Class in whole (but not in part) at their Principal Amount Outstanding together with accrued (and unpaid) interest thereon up to but excluding the date of redemption if, on any Note Payment Date:

- (a) the Issuer is or will become obliged to make any withholding or deduction (other than a FATCA Deduction) for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes; or

- (b) the Issuer has become or would become subject to corporation tax in a corporation tax accounting period on an amount which materially exceeds the aggregate Issuer Corporate Benefit retained during that corporation tax accounting period, as a result of any change in, or amendment to, the laws or regulations of Issuer's jurisdiction or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation or limitation (as applicable) cannot be avoided by the Issuer taking reasonable measures available to it,

(the occurrence of (a) or (b) above being a "**Tax Event**"), subject to the following:

- (i) that the Issuer has given not more than 60 nor less than 14 days' written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class;
- (ii) that prior to giving any such notice, the Issuer has provided to the Trustee:
- (A) a legal opinion (addressed to the Trustee) from a firm of lawyers in the applicable jurisdiction, opining that the consequence of the relevant change in Tax law is a Tax Event; and
- (B) in the case of (a) above only, a certificate signed by two directors of the Issuer to the effect that the obligation to make such withholding or deduction cannot be avoided (upon which certificate the Trustee shall rely absolutely and without enquiry or liability); and
- (C) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Note Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Post-Acceleration Priority of Payments (upon which certificate the Trustee shall rely absolutely and without enquiry or liability); and
- (iii) notwithstanding any provision in the Issuer Covenants to the contrary, the Issuer may dispose of the Loan Portfolio following the occurrence of a Tax Event in order to effect a mandatory redemption of the Notes pursuant to this Condition 8.4 (*Mandatory Redemption in whole following a Tax Event*).

#### 8.5 Mandatory Redemption in whole upon the occurrence of an Illegality Event

The Issuer shall redeem the Notes of each Class in whole (but not in part) at their Principal Amount Outstanding, together with accrued (and unpaid) interest thereon up to but excluding the date of redemption if on any Note Payment Date, by reason of a change in law which change becomes effective on or after the Closing Date it has become or will become unlawful for the Issuer to purchase, hold, fund or allow to remain outstanding all or any part of the Loan Portfolio or to perform its obligations under the Transaction Documents or the Notes, (the occurrence of such event an "**Illegality Event**"), subject to the following:

- (a) that the Issuer has given not more than 60 nor less than 14 days' written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class;
- (b) that prior to giving any such notice, the Issuer has provided to the Trustee:
- (i) a legal opinion (addressed to the Trustee) from a firm of lawyers in the applicable jurisdiction, opining that the consequence of the relevant change in law is an Illegality Event; and

- (ii) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Note Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Post-Acceleration Priority of Payments (upon which certificate the Trustee shall rely absolutely and without enquiry or liability); and
- (c) notwithstanding any provision in the Issuer Covenants to the contrary, the Issuer may dispose of the Loan Portfolio following the occurrence of an Illegality Event in order to effect a mandatory redemption of the Notes in accordance with this Condition 8.5 (*Mandatory Redemption in whole upon the occurrence of an Illegality Event*).

8.6 Optional Redemption in whole upon the occurrence of a Regulatory Event;

The Issuer may (or shall if so directed by the Noteholders of the Most Senior Class of Notes outstanding acting by way of Extraordinary Resolution) redeem the Notes of each Class in whole (but not in part) at their Principal Amount Outstanding together with accrued (and unpaid) interest thereon up to but excluding the date of redemption if on any Note Payment Date:

- (a) as a result of a change in law, regulation, interpretation, action or response of a regulatory authority or other economic circumstances, the regulatory treatment of the Notes has become materially less favourable to the Issuer than originally expected; or
- (b) as a result of (i) the adoption of, or any change in, any relevant law or regulation, (ii) the promulgation of, or any change in the interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction (a “**Relevant Authority**”) of, any relevant law or regulation or (iii) the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any Relevant Authority acting in an official capacity, the Issuer has suffered or there is a reasonable likelihood that it will suffer a material adverse consequence in connection with issuing the Notes or with maintaining the existence of the Issuer or the Notes and such material adverse consequence cannot be avoided by the Issuer taking reasonable measures available to it (the occurrence of such event a “**Regulatory Event**”),

subject to the following:

- (i) no Event of Default has occurred;
- (ii) that the Issuer has given not more than 60 nor less than 14 days’ written notice to the Trustee and the Noteholders in accordance with Condition 10 (*Notifications*) and the Registrar and the Principal Paying Agent of its intention to redeem all (but not some only) of the Notes in each Class in whole (but not in part); and
- (iii) that prior to giving any such notice, the Issuer has provided to the Trustee:
  - (A) a legal opinion (addressed to the Trustee) from a firm of lawyers in the applicable jurisdiction, opining that the consequence of the relevant change in law, regulation, interpretation, action or response of a regulatory authority or other economic circumstances is a Regulatory Event;
  - (B) in the case of Condition 8.6(b) above only, a certificate signed by two (2) directors of the Issuer to the effect that the obligation to make such Regulatory Event cannot be avoided (upon which certificate the Trustee shall rely absolutely and without enquiry or liability); and
  - (C) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Note Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Post-Acceleration Priority of Payments.

8.7 Final Maturity Date

On the Final Maturity Date, the Notes shall, unless previously redeemed and cancelled, be redeemed in full at their Principal Amount Outstanding together with accrued (and unpaid) interest up to but excluding the Final Maturity Date subject to Condition 4 (*Limited Recourse; Non-Petition; Corporate Obligations; Security Mandate*).

## 9. Priority of Payments

### 9.1 Pre-Acceleration Interest Priority of Payments

On each Note Payment Date falling prior to the occurrence of an Enforcement Event, and in advance of application of Available Principal Proceeds in accordance with the Pre-Acceleration Principal Priority of Payments, the Issuer shall, or shall cause the Cash Manager and Calculation Agent to, apply all Available Interest Proceeds in accordance with the following order of priority (where, prior to a Sequential Amortisation Trigger Event, the calculation of respective Repayment Amounts in respect of each Class of Notes (as defined on page 272) shall be net of debits to the respective Principal Deficiency Ledger for each such Class of Notes) (the “**Pre-Acceleration Interest Priority of Payments**”) (in each case if and to the extent payments of a higher order of priority have been made in full and to the extent permitted by Applicable Law):

- (a) *first*, to the payment of taxes owing by the Issuer accrued in respect of the related Interest Period, if any (excluding any tax payable in respect of the Issuer Corporate Benefit and VAT the payment of which is provided for in respect of any fees or other amounts payable under this Pre-Acceleration Interest Priority of Payments);
- (b) *second*, to the payment of the fees, costs and expenses (including legal fees and expenses), together with any VAT thereon, payable to the Trustee or any Appointee by the Issuer pursuant to the Transaction Documents (including, without limitation, any indemnities thereunder);
- (c) *third*, to the payment of, or provision for, on a *pro rata* and *pari passu* basis, of:
  - (i) the Issuer Corporate Benefit; and
  - (ii) the Administrative Expenses of the Issuer (in the order of priority set out in the definition thereof);
- (d) *fourth*, to the payment of the Intermediary Services Fee (together with any VAT thereon, as provided in the Servicing Agreement);
- (e) *fifth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof:
  - (i) any Replacement Swap Premium payable to a replacement Interest Rate Cap Provider; and
  - (ii) any amounts due and payable to the Interest Rate Cap Provider under the Interest Rate Cap, other than Swap Subordinated Amounts;
- (f) *sixth*, to the payment on a *pro rata* and *pari passu* basis to each Class A Noteholder their respective Class A Interest Amount;
- (g) *seventh*, to credit (while any Class A Notes will remain outstanding following such Note Payment Date) the Class A Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (h) *eighth*, to the payment on a *pro rata* and *pari passu* basis to each Class B Noteholder their respective Class B Interest Amount;



- (i) *ninth*, to credit (while any Class B Notes will remain outstanding following such Note Payment Date) the Class B Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (j) *tenth*, to the payment on a *pro rata* and *pari passu* basis to each Class C Noteholder their respective Class C Interest Amount;
- (k) *eleventh*, to credit (while any Class C Notes will remain outstanding following such Note Payment Date) the Class C Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (l) *twelfth*, to the payment on a *pro rata* and *pari passu* basis to each Class D Noteholder their respective Class D Interest Amount;
- (m) *thirteenth*, to credit (while any Class D Notes will remain outstanding following such Note Payment Date) the Class D Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (n) *fourteenth*, to credit (i) first, the Liquidity Reserve Account so that the positive balance thereon is equal to the Liquidity Reserve Required Amount, and (ii) second the Cash Reserve Account so that the positive balance thereon is equal to the Cash Reserve Required Amount;
- (o) *fifteenth*, to the payment on a *pro rata* and *pari passu* basis to each Class E Noteholder their respective Class E Interest Amount;
- (p) *sixteenth*, to credit (while any Class E Notes will remain outstanding following such Note Payment Date) the Class E Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (q) *seventeenth*, to credit (while any Class Z Notes will remain outstanding following such Note Payment Date) the Class Z Principal Deficiency Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied as Available Principal Proceeds pursuant to the Pre-Acceleration Principal Priority of Payments);
- (r) *eighteenth*, to the payment on a *pro rata* and *pari passu* basis, to each Class X Noteholder their respective Class X Interest Amount;
- (s) *nineteenth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards payment by the Issuer to the Interest Rate Cap Provider of any Swap Subordinated Amounts then due and payable by the Issuer to the Interest Rate Cap Provider;
- (t) *twentieth*, to the redemption of the Class X Notes on a *pro rata* and *pari passu* basis until the Class X Notes are redeemed in full;
- (u) *twenty-first*, to the payment, on a *pro rata* and *pari passu* basis, of principal due and payable in respect of each Subordinated Loan to the relevant Subordinated Loan Provider under the terms of the Subordinated Loan Agreement; and
- (v) *twenty-second*, the remainder, to the payment on a *pro rata* and *pari passu* basis to the Class Z Noteholders by way of interest.

## 9.2 Pre-Acceleration Principal Priority of Payments

On each Note Payment Date falling prior to the occurrence of an Enforcement Event, and following application of Available Interest Proceeds in accordance with the Pre-Acceleration

Interest Priority of Payments, the Issuer shall, or shall cause the Cash Manager and Calculation Agent to, apply all Available Principal Proceeds in accordance with the following order of priority (the “**Pre-Acceleration Principal Priority of Payments**”) (in each case if and to the extent payments of a higher order of priority have been made in full and to the extent permitted by Applicable Law):

- (a) *first*, to the redemption of the Class A Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class A Noteholders, in an aggregate amount equal to the Class A Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class A Notes are redeemed in full;
- (b) *second*, to the redemption of the Class B Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class B Noteholders, in an aggregate amount equal to the Class B Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class B Notes are redeemed in full;
- (c) *third*, to the redemption of the Class C Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class C Noteholders, in an aggregate amount equal to the Class C Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class C Notes are redeemed in full;
- (d) *fourth*, to the redemption of the Class D Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class D Noteholders, in an aggregate amount equal to the Class D Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class D Notes are redeemed in full;
- (e) *fifth*, to the redemption of the Class E Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class E Noteholders, in an aggregate amount equal to the Class E Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class E Notes are redeemed in full;
- (f) *sixth*, to the redemption of the Class X Notes at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class X Notes are redeemed in full;
- (g) *seventh*, to the redemption of the Class Z Notes (i) prior to the occurrence of a Sequential Amortisation Trigger Event, on a *pro rata* and *pari passu* basis to the Class Z Noteholders, in an aggregate amount equal to the Class Z Repayment Amount, and (ii) at any time on or following a Sequential Amortisation Trigger Event, *pro rata* and *pari passu* until the Class Z Notes are redeemed in full; and
- (h) *eighth*, the excess (if any) to be applied in accordance with the priority set out in the Pre-Acceleration Interest Priority of Payments as Available Interest Proceeds.

### 9.3 Post-Acceleration Priority of Payments

On each Note Payment Date (or on such other date as the Trustee instructs in writing in accordance with the Transaction Documents) following the occurrence of an Enforcement Event and on the Note Payment Date on which an optional redemption or mandatory redemption is exercised in accordance with Conditions 8.2 (*Optional Redemption in whole – Clean-up Call*), Condition 8.3 (*Mandatory Redemption pursuant to the exercise of the Portfolio Option*), Condition 8.4 (*Mandatory Redemption in whole following a Tax Event*), Condition 8.5 (*Mandatory Redemption in whole upon the occurrence of an Illegality Event*) and Condition 8.6 (*Optional Redemption in whole upon the occurrence of a Regulatory Event*), the Cash Manager and Calculation Agent shall cause all amounts standing to the credit of the Issuer Transaction Account and all other proceeds (other than amounts representing (i) any Excess Swap Collateral

which shall be returned directly to an Interest Rate Cap Provider (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (ii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Interest Rate Cap Provider), (iii) any Swap Tax Credits, which shall be applied directly to an Interest Rate Cap Provider in accordance with the Cash Management and Calculation Agency Agreement, and (iv) prior to the designation of an early termination date under an Interest Rate Cap and the resulting application of the Swap Collateral by way of netting or set-off, all Swap Collateral provided by an Interest Rate Cap Provider to the Issuer pursuant to an Interest Rate Cap (and any interest or distributions in respect thereof) from the enforcement of the Security or otherwise recovered by the Trustee (which shall be held by the Trustee on trust) to be applied in payment, in the amounts required, in the following order of priority (the “**Post-Acceleration Priority of Payments**”):

- (a) *first*, to the payment of taxes owing by the Issuer accrued in respect of the related Interest Period, if any (excluding any tax payable in respect of the Issuer Corporate Benefit and VAT the payment of which is provided for in respect of any fees or other amounts payable under this Post-Acceleration Priority of Payments);
- (b) *second*, to the payment of the fees, costs, expenses (including legal fees and expenses) and any other amounts (together with any VAT thereon) payable to the Trustee or any Appointee (and any Receiver appointed by the Trustee under the Charge and Assignment) by the Issuer pursuant to the Transaction Documents (including, without limitation, any indemnities thereunder);
- (c) *third*, to the payment of, or provision for, on a *pro rata* and *pari passu* basis, of the Administrative Expenses of the Issuer (in the order of priority set out in the definition thereof);
- (d) *fourth*, to the payment of the Intermediary Services Fee (together with any VAT thereon, as provided in the Servicing Agreement);
- (e) *fifth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof:
  - (i) any Replacement Swap Premium payable to a replacement Interest Rate Cap Provider; and
  - (ii) any amounts due and payable to the Interest Rate Cap Provider under the Interest Rate Cap, other than Swap Subordinated Amounts;
- (f) *sixth*, to the payment on a *pro rata* and *pari passu* basis to each Class A Noteholder their respective Class A Interest Amount;
- (g) *seventh*, to the redemption of the Class A Notes *pro rata* and *pari passu* until the Class A Notes are redeemed in full;
- (h) *eighth*, to the payment on a *pro rata* and *pari passu* basis to each Class B Noteholder their respective Class B Interest Amount;
- (i) *ninth*, to the redemption of the Class B Notes *pro rata* and *pari passu* until the Class B Notes are redeemed in full;
- (j) *tenth*, to the payment on a *pro rata* and *pari passu* basis to each Class C Noteholder their respective Class C Interest Amount;
- (k) *eleventh*, to the redemption of the Class C Notes *pro rata* and *pari passu* until the Class C Notes are redeemed in full;
- (l) *twelfth*, to the payment on a *pro rata* and *pari passu* basis to each Class D Noteholder their respective Class D Interest Amount;

- (m) *thirteenth*, to the redemption of the Class D Notes *pro rata* and *pari passu* until the Class D Notes are redeemed in full;
- (n) *fourteenth*, to the payment on a *pro rata* and *pari passu* basis to each Class E Noteholder their respective Class E Interest Amount;
- (o) *fifteenth*, to the redemption of the Class E Notes *pro rata* and *pari passu* until the Class E Notes are redeemed in full;
- (p) *sixteenth*, to the payment on a *pro rata* and *pari passu* basis to each Class X Noteholder of their respective Class X Interest Amount;
- (q) *seventeenth*, to the extent the available cash amounts standing to the credit of the Swap Collateral Cash Account and the value of the available securities standing to the credit of the Swap Securities Collateral Account are insufficient to cover such amounts in accordance with the Swap Collateral Account Priority of Payments, in or towards payment by the Issuer to the Interest Rate Cap Provider of any Swap Subordinated Amounts then due and payable by the Issuer to the Interest Rate Cap Provider;
- (r) *eighteenth*, to the redemption of the Class X Notes *pro-rata* and *pari passu* until the Class X Notes are redeemed in full;
- (s) *nineteenth*, to the payment, on a *pro rata* and *pari passu* basis, of principal due and payable in respect of each Subordinated Loan to the relevant Subordinated Loan Provider under the terms of the Subordinated Loan Agreement;
- (t) *twentieth*, to the redemption of the Class Z Notes *pro rata* and *pari passu* until the Class Z Notes are redeemed in full;
- (u) *twenty-first*, to pay any other amounts due and payable by the Issuer to any third party to the extent not provided for elsewhere in the Post-Acceleration Priority of Payments; and
- (v) *twenty-second*, the remainder to the payment on a *pro rata* and *pari passu* basis to the Class Z Noteholders by way of interest.

#### 10. Notifications

- (a) For so long as the relevant Notes are in global form, any notice to Noteholders shall be validly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the relevant Class of Notes and shall be deemed to be given on the date on which it was so sent. If Definitive Certificates are issued, any notice to the holders thereof shall be validly given if sent by first class mail to them at their respective addresses in the Register (or the first named of joint holders) and notice shall be deemed to have been given on the second Business Day after the date of mailing. So long as the relevant Notes are admitted to trading and listed on the Official List any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin by a notification in writing to the Company Announcements Office of Euronext Dublin, and any notice so published shall be deemed to have been given on the date of publication.
- (b) The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and **provided that** notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

#### 11. Principal Paying Agent and Cash Manager and Calculation Agent; Determinations Binding

- (a) The Issuer has appointed Citibank, N.A., London Branch as Principal Paying Agent pursuant to the Principal Paying Agency Agreement and Citibank, N.A., London Branch as Cash Manager and Calculation Agent pursuant to the Cash Management and Calculation Agency Agreement.

- (b) The Issuer shall procure that for as long as any Notes are outstanding there shall always be a Principal Paying Agent and a Cash Manager and Calculation Agent to perform the functions assigned to it in these Conditions. Pursuant to the Principal Paying Agency Agreement and the Cash Management and Calculation Agency Agreement, the Issuer may at any time, by giving not less than 60 and 30 calendar days' respectively written notice, replace the Principal Paying Agent or the Cash Manager and Calculation Agent by one or more other banks or other financial institutions which assume such functions. Pursuant to the Principal Paying Agency Agreement and the Cash Management and Calculation Agency Agreement, each of the Principal Paying Agent and the Cash Manager and Calculation Agent shall act solely as agent for the Issuer or, (at any time (x) following the delivery of written notice to the Principal Paying Agent and/or Cash Manager and Calculation Agent, as applicable, that an Event of Default has occurred and is continuing unremedied and unwaived, or (y) following the delivery of an Enforcement Notice) the Principal Paying Agent will if so requested by the Trustee, act as agent for the Trustee or such other person as it may designate from time to time and shall not have any agency, trustee or other fiduciary relationship with the Noteholders.
- (c) All Interest Amounts determined and other calculations and determinations made by the Cash Manager and Calculation Agent for the purposes of these Conditions shall, in the absence of manifest error, be final and binding.

## **12. Taxes**

- (a) All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed, levied, collected, withheld or assessed by any jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law or FATCA to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction (including any FATCA Deduction) and shall account to the relevant authorities for the amount so withheld or deducted within the time limits permitted by law.
- (b) None of the Issuer, the Trustee nor the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction (including any FATCA Deduction).
- (c) Each Noteholder will agree to provide the Issuer and its agents with any correct, complete and accurate forms or certifications that may be required for the Issuer to comply with FATCA and to prevent the imposition of tax under FATCA on payments to or for the benefit of the Issuer. In the event the Noteholder fails to provide such forms or certifications, or to the extent that its ownership of the Notes would otherwise cause the Issuer to be subject to tax under FATCA, (A) the Issuer and its agents are authorised to withhold amounts otherwise distributable to the Noteholder as compensation for any taxes to which the Issuer is subject under FATCA as a result of such failure or the Noteholder's ownership of Notes, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or the Noteholder's ownership of Notes, the Issuer will have the right to compel the Noteholder to sell its Notes, and, if the Noteholder does not sell its Notes within 10 Business Days after notice from the Issuer or any agent of the Issuer, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any costs, charges, and any taxes incurred by the Issuer in connection with such sale) to the Noteholder as payment in full for such Notes. The Issuer may also assign each such Note a separate ISIN in the Issuer's sole discretion. Each Noteholder agrees that the Issuer, the Trustee, the Agents or their agents or representatives may (i) provide any information and documentation concerning its investment in its Notes to the Irish Revenue Commissioners, the U.S. Internal Revenue Service and any other relevant tax authority and (ii) take such other steps as they deem necessary or helpful to ensure that the Issuer complies with FATCA and/or the Common Reporting Standard.
- (d) Each Noteholder will timely furnish the Issuer and its agents with any tax forms or certifications (including IRS Form W-9 or an applicable IRS Form W-8 (together with appropriate attachments), or any successor forms) that the Issuer or its agents may reasonably request (A) to permit the Issuer or its agents to make payments to such Noteholder without, or at a reduced

rate of, deduction or withholding, (B) to enable the Issuer or its agents to qualify for a reduced rate of withholding or deduction in any jurisdiction from or through which the Issuer or its agents receive payments, and (C) to enable the Issuer or its agents to satisfy reporting and other obligations under the U.S. Internal Revenue Code of 1986, United States Department of the Treasury regulations, and any other Applicable Law, and will update or replace such forms or certifications as appropriate. The Noteholder acknowledges that the failure to provide, update or replace any such forms or certifications may result in the imposition of withholding or back-up withholding on payments to the Noteholder, or to the Issuer. Amounts withheld from payments to the Noteholder pursuant to applicable tax laws will be treated as having been paid to the Noteholder by the Issuer.

- (e) Each Noteholder agrees that the Issuer shall be entitled to require the Noteholder to provide the Issuer with any information regarding the Noteholders and, in certain circumstances, the Noteholder's controlling persons' tax status, identity or residence in order to satisfy any reporting requirements which may apply to the Issuer as a result of the Standard for Automatic Exchange of Financial Account Information in Tax Matters published by the OECD (including the Common Reporting Standard) and also Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation. Further, each Noteholder agrees that it shall be deemed, by its holding, to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) or any other person to the Irish Revenue Commissioners.

### 13. Events of Default

#### 13.1 Events of Default

Subject to the other provisions of this Condition, each of the following events, where relevant, subject to any applicable grace period shall be treated as an “**Event of Default**” in relation to the Notes:

- (a) the Issuer fails to pay any amount of principal in respect of the Most Senior Class of Notes within 5 days following the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class of Notes within five (5) days following the due date for payment of such interest (**provided that**, for the avoidance of doubt, a deferral of interest in respect of a Class of Notes (other than the Most Senior Class of Notes) in accordance with Condition 6(c) (*Deferral of Interest*) shall not constitute a default in the payment of such interest for the purposes of this Condition 13 (*Events of Default*) and **provided that** it shall not constitute a default in the payment of any amount actually due and payable by the Issuer during the continuance of a Servicer Disruption if, during the continuation of any Servicer Disruption, the Issuer continues to make all payments calculated to be payable by it by the Cash Manager and Calculation Agent); or
- (b) an Insolvency Event in respect of the Issuer occurs; or
- (c) the Security is (except in accordance with the terms of the Transaction Documents), in whole or in part, terminated, released or otherwise ceases to be effective or be legally valid, binding and enforceable obligation of the Issuer.

#### 13.2 Delivery of an Enforcement Notice

- (a) If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall, if so directed by the Noteholders of the Most Senior Class of Notes acting by way of Extraordinary Resolution, deliver an Enforcement Notice to the Issuer, with a copy sent to each Agent (other than the Corporate Services Provider), the Sellers and the Rating Agencies, and institute such proceedings and take any other steps as may be required in order to enforce the Security.
- (b) Following receipt of such Enforcement Notice, the Issuer shall give notice, or shall procure that such notice is given, to all Noteholders without undue delay in compliance with Condition 10 (*Notifications*).

13.3 Conditions to delivery of an Enforcement Notice

Notwithstanding Condition 13.2 (*Delivery of an Enforcement Notice*), the Trustee shall not be obliged to deliver an Enforcement Notice or take any other action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.4 Consequences of delivery of an Enforcement Notice

Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued (and unpaid) interest and the Security shall become immediately enforceable.

**14. Enforcement**

14.1 Proceedings

The Trustee may, at any time, at its discretion and without further notice, institute such steps, actions or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class (including these Conditions), the Charge and Assignment or under the other Transaction Documents or, following the delivery of an Enforcement Notice, to enforce the Security, but it shall not be bound to do so unless:

- (a) so requested in writing by the Noteholders of at least 25 *per cent.* in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes; or
- (b) so directed by Noteholders of the Most Senior Class of Notes acting by way of Extraordinary Resolution,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14.2 Directions to the Trustee

If the Trustee shall take any action, step or proceeding described in Condition 14.1 (*Proceedings*) it may take such action, step or proceeding without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, **provided that** so long as any of the Most Senior Class of Notes are outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

- (a) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such other Class; or
- (b) (if the Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Classes of Notes ranking senior to such other Class.

14.3 Restrictions on disposal of Issuer's assets

- (a) If an Enforcement Notice has been delivered by the Trustee other than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property or any part thereof unless the Trustee is of the opinion, which shall be binding on the Noteholders and the other Secured Creditors, reached solely in reliance upon the advice of an investment bank or other financial adviser selected by the Trustee (upon which advice the Trustee may rely absolutely and without enquiry or liability), at the cost of the Issuer, either:
  - (i) a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Acceleration Priority of Payments; or

- (ii) that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Acceleration Priority of Payments.
- (b) The Trustee shall not be bound to make the determination, or seek the advice of an investment bank or other financial adviser, contained in Condition 14.3 (*Restrictions on Disposal of Issuer's Assets*) unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing and shall have no Liability to anyone for not so doing.
- (c) The Trustee shall have no Liability to any person for the consequences of any such opinion reached in accordance with Condition 14.3 (*Restrictions on Disposal of Issuer's Assets*).

#### 14.4 Third Party Rights

No person shall have any right to enforce any Condition or any provision of the Trust Deed or the Charge and Assignment under the Contracts (Rights of Third Parties) Act 1999.

### 15. Meetings of Noteholders, Modification, Waiver and Substitution

#### 15.1 Provisions in Trust Deed

The Trust Deed contains provisions for convening meetings of the Noteholders of each Class (and for passing Written Resolutions) to consider matters affecting the interests of the Noteholders including, without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*) are descriptive of the detailed provisions of the Trust Deed.

#### 15.2 Decisions and Meetings of Noteholders

##### (a) General

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, of the Most Senior Class of Notes (subject as provided in the next paragraph) or, to the extent specified in the Trust Deed any applicable Transaction Document or these Conditions, by a Class of Noteholders acting independently. Ordinary Resolutions and Extraordinary Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing or electronically, in each case, in at least the minimum percentages specified in the table "**Minimum Percentage Voting Requirements**" in paragraph (c) (*Minimum Voting Rights*) below. Meetings of the Noteholders may be convened by the Issuer or the Trustee at any time and, the Trustee shall convene a meeting of the Noteholders if it receives a written request by Noteholders holding at least ten (10) *per cent.* in Principal Amount Outstanding of the Notes Outstanding of a particular Class for the time being subject to (i) certain conditions including minimum notice periods and (ii) the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which may be incurred by its in connection therewith. Where decisions are required to be taken by a Written Resolution of the Requisite Majority of a Class or Classes under the Trust Deed or these Conditions, such decision may only be made in accordance with Condition 15.2(d) (*Written Resolutions*) below.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects the Noteholders of only one or more (but not all) Classes of Notes, in which event a meeting only of each affected Class will be required and the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the Noteholders of that Class or Classes of Notes and not the holders of any other Notes as set forth in the tables below.



Notice of any Resolution passed by the Noteholders will be given by the Issuer to each of the Rating Agencies.

(b) Quorum

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of all the Noteholders or of any Class or Classes of Noteholders, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table “**Quorum Requirements**” below.

**Quorum Requirements**

<b>Type of Resolution</b>	<b>Any meeting other than a meeting adjourned for want of quorum</b>	<b>Meeting previously adjourned for want of quorum</b>
Extraordinary Resolution of Noteholders	Two (2) or more persons holding or representing not less than 75 <i>per cent.</i> of the aggregate Principal Amount Outstanding of the Notes	Two (2) or more persons holding or representing not less than 25 <i>per cent.</i> of the aggregate Principal Amount Outstanding of Notes
Ordinary Resolution of Noteholders	Two (2) or more persons holding or representing more than 50 <i>per cent.</i> of the aggregate Principal Amount Outstanding of the Notes	Two (2) or more persons holding or representing not less than 25 <i>per cent.</i> of the aggregate Principal Amount Outstanding of Notes

The Trust Deed does not contain any provision for higher quorums in any circumstances.

(c) Minimum Voting Rights

Set out in the table “**Minimum Percentage Voting Requirements**” below are the minimum percentages required to pass the Resolutions specified in such table which, (A) in the event that such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are represented at such meeting and are voted or, (B) in the case of any Written Resolution or Electronic Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Written Resolution or Electronic Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution or Electronic Resolution.

**Minimum Percentage Voting Requirements**

<b>Type of Resolution</b>	<b>Per cent.</b>
Extraordinary Resolution of Noteholders	Not less than 75 <i>per cent.</i>
Ordinary Resolution of Noteholders	More than 50 <i>per cent.</i>

(d) Written Resolutions

- (i) Any Written 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 relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed. Any Extraordinary Resolution or Ordinary Resolution may be passed by way of a Written Resolution.
- (ii) Any decision or resolution which is required to be taken by a Written Resolution of the Requisite Majority of a Class or Classes under the Trust Deed or these Conditions may only be taken by a Written Resolution of the Requisite Majority of such Class or Classes of Notes.

- (e) Electronic Resolutions
  - (i) The Trust Deed provides that any Extraordinary Resolution or Ordinary Resolution may be passed by way of consent given by way of Electronic Resolution through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the relevant number of required Noteholders for such Extraordinary Resolution or Ordinary Resolution (as applicable).
  - (ii) Any decision or resolution which is required to be taken by an Electronic Resolution of the Requisite Majority of a Class or Classes under the Trust Deed or these Conditions may only be taken by an Electronic Resolution of the Requisite Majority of such Class or Classes of Notes.
- (f) Extraordinary Resolution
  - (i) Any Resolution to sanction any of the following items (each a “**Basic Terms Modification**”) will be required to be passed by an Extraordinary Resolution of each Class of Noteholders (in each case, subject to anything else contemplated in the Trust Deed or the relevant Transaction Document, as applicable):
    - (A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;
    - (B) the modification of any provision relating to the timing and/or circumstances of the payment of interest (other than pursuant to and in accordance with Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*)) or redemption of the Notes of a Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated);
    - (C) the modification of any of the provisions of the Trust Deed or the Conditions which would directly and adversely affect the calculation of the amount of any payment of interest (other than pursuant to and in accordance with Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*)) or principal on any Note;
    - (D) the adjustment of the outstanding Principal Amount Outstanding of the Notes of a relevant Class of Notes;
    - (E) a change in the currency of payment of the Notes of a Class;
    - (F) any change in any Priority of Payments or of any payment items in any Priority of Payments;
    - (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass a Resolution or any other provision of these Conditions or the Trust Deed which requires the written consent of the holders of a requisite Principal Amount Outstanding of the Notes of any Class Outstanding;
    - (H) any modification of any Transaction Document having a material adverse effect on the security over the Charged Property constituted by the Charge and Assignment;
    - (I) any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document; and
    - (J) any modification that amends or has the effect of amending the definition of “**Basic Terms Modification**”.

- (ii) For the avoidance of doubt, the approval of a Basic Terms Modification may only be made by Extraordinary Resolution and no Extraordinary Resolution involving a Basic Terms Modification that is passed by Noteholders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of each of the other Classes of Notes.

(g) Ordinary Resolution

Any meeting of the Noteholders shall, subject to these Conditions and the Trust Deed, have power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in paragraph (f) (*Extraordinary Resolution*) above.

(h) Matters affecting a certain Class of Notes

Without prejudice to the second paragraph of Condition 15.2(a) (*General*) above, matters affecting the interests of only one Class (in the opinion of the Trustee) shall only be considered by and voted upon at a meeting of Noteholders of that relevant Class or by Written Resolution of the holders of that relevant Class.

15.3 Modification

The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to the Trust Deed, the Conditions, the Notes or the other Transaction Documents in relation to which its consent is required (other than in respect of a Basic Terms Modification or any provisions of the Trust Deed or Charge and Assignment referred to in the definition of a Basic Terms Modification) which, in the opinion of the Trustee, will not be materially prejudicial to the interest of the Noteholders of the Most Senior Class of Notes then Outstanding; or
- (b) any modification to the Trust Deed, the Conditions, the Notes or the other Transaction Documents in relation to which its consent is required (including a Basic Terms Modification), 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;

**provided that**, any such modification shall be notified by or on behalf of the Issuer as soon as reasonably practicable to, so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency.

15.4 Additional Right of Modification

- (a) Notwithstanding the provisions of Condition 15.3 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any other Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Trust Deed, the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents (following the Trustee's review thereof) that the Issuer certifies to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) as being necessary 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** in relation to any amendment under this Condition 15.4 (*Additional Right of Modification*):

- (i) the Issuer certifies in writing to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such change to such criteria; and

- (ii) in the case of any modification to a Transaction Document proposed by the Interest Rate Cap Provider in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
- (A) the Interest Rate Cap Provider certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Interest Rate Cap Provider (upon which certificate the Trustee shall rely absolutely and without enquiry or Liability));
- (B) either:
- (1) the Rating Agencies provide a Rating Agency Confirmation and a copy of each such confirmation is provided to the Issuer and the Trustee; or
- (2) the Issuer (or the Servicing and Collection Agent on its behalf) certifies in writing to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) that a Rating Agency Confirmation cannot be obtained (in circumstances set out within the definition of “Rating Agency Confirmation”); and
- (C) the Interest Rate Cap Provider (where applicable) 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 (the certificate to be provided by the Issuer and/or the Interest Rate Cap Provider pursuant to paragraphs (i), (iii)(A) and (iii)(B)(2) above being a “**Modification Certificate**”), **provided that:**
- (1) at least 30 calendar days’ prior written notice of any such proposed modification has been given to the Trustee;
- (2) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (3) the consent of each Secured Creditor which is party to the relevant Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any other Secured Creditor than would otherwise have been the case prior to such amendment has been obtained; and
- (4) the Issuer certifies in writing to the Trustee (upon which certificate the Trustee shall rely absolutely and without prior enquiry or liability) which certification may be in the Modification Certificate that the Issuer has provided at least 30 calendar days’ notice to the Noteholders of each Class of the proposed modification in accordance with Condition 10 (*Notifications*) and by publication on Bloomberg on the “Company News” screen relating to the Notes, and Noteholders representing at least 10 *per cent.* of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer or Principal Paying Agent 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 or Principal Paying Agent that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 *per cent.* of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have notified the Principal Paying Agent or 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 this Condition 15.4 (*Additional Right of Modification*).

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Issuer or Principal Paying Agent's satisfaction (as appropriate) of the relevant Noteholder's holding of the Notes.

- (b) Notwithstanding the provisions of Condition 15.3 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any other Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Trust Deed, the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents (following the Trustee's review thereof) that the Issuer certifies to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) as being necessary for the purpose of enabling the Transaction to comply with the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and any related regulatory technical standards authorised under the Securitisation Regulation provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (c) Notwithstanding anything to the contrary in this Condition 15.4 (*Additional Right of Modification*) or any Transaction Document:
  - (i) when implementing any modification pursuant to this Condition 15.4 (*Additional Right of Modification*) (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 Creditor or any other person and shall act and rely solely, and without further enquiry or Liability or investigation, on any certificate (including any Modification Certificates) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 15.4 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
  - (ii) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (A) 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, powers, discretions, authorisations, indemnities or protection, of the Trustee in the Transaction Documents and/or these Conditions.
- (d) Any such modification shall be binding on all Noteholders and shall be notified by or on behalf of the Issuer as soon as reasonably practicable to:
  - (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;

- (ii) the Secured Creditors; and
- (iii) the Noteholders in accordance with Condition 10 (*Notifications*).

15.5 Additional Right of Modification in relation to the Reference Rate

Notwithstanding the foregoing provisions, the Trustee shall be obliged, without any consent or sanction of the Noteholders or, subject to paragraph (b)(iv) below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than any Basic Terms Modification) to the Trust Deed, the Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to enter into any new, supplemental or additional documents that the Issuer considers necessary in order to

- (a) change the Reference Rate or the benchmark rate that then applies in respect of the Rated Notes or the Class X Notes to an alternative benchmark rate (any such rate, an “**Alternative Benchmark Rate**”) and make such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a “**Benchmark Rate Modification**”), **provided that** the Issuer (or the Servicing and Collection Agent on its behalf), certifies to the Trustee in writing (such certificate, a “**Benchmark Rate Modification Certificate**”) that:
  - (i) such Benchmark Rate Modification is being undertaken as result of a Benchmark Rate Disruption;
  - (ii) such Alternative Benchmark Rate satisfies the Benchmark Rate Eligibility Requirement; and
  - (iii) the modifications proposed in the context of the Benchmark Rate Modification are required solely for the purpose of applying the Alternative Benchmark Rate and making consequential modifications to the Conditions or any Transaction Document which are, as determined by the Issuer in its commercially reasonable judgement, necessary or advisable, and the modifications have been drafted solely to such effect; or
- (b) change the benchmark rate that then applies in respect of the Interest Rate Cap to an Alternative Benchmark Rate solely as a consequence of a Benchmark Rate Modification and solely for the purpose of aligning the benchmark rate of the Interest Rate Cap to the benchmark rate of the Notes following such Benchmark Rate Modification (an “**Interest Rate Cap Rate Modification**”) **provided that**:
  - (i) the Interest Rate Cap Provider provides its prior written consent to such Interest Rate Cap Rate Modification; and
  - (ii) the Issuer (or the Servicing and Collection Agent on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being an “**Interest Rate Cap Rate Modification Certificate**”);

**provided that**, in the case of any modification made pursuant to a Benchmark Rate Modification and/or an Interest Rate Cap Rate Modification above (as applicable):

- (i) at least 30 days’ prior written notice of any such proposed modification has been given to the Trustee **provided that** this notice must be delivered prior to publication of any Benchmark Modification Noteholder Notice (as defined below);
- (ii) the details of and the rationale for any Note Rate Maintenance Adjustment proposed in accordance with Condition 15.5(b)(vii)(D) are as set out in the Benchmark Modification Noteholder Notice published in accordance with Condition 15.5(b)(vii) below;
- (iii) the applicable Benchmark Rate Modification Certificate or the Interest Rate Cap Rate Modification Certificate, as applicable, in relation to such modification is provided to

the Trustee both at the time the Trustee is notified of the proposed modification, five Business Days prior to the publication of the Benchmark Rate Modification Noteholder Notice and on the date that such modification takes effect;

- (iv) the consent of each Secured Creditor which is a party to any relevant Transaction Document being amended has been obtained;
- (v) either:
  - (A) the Rating Agencies provide a Rating Agency Confirmation and a copy of each such confirmation is provided to the Issuer and the Trustee; or
  - (B) the Issuer (or the Servicing and Collection Agent on its behalf) certifies in writing to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) that a Rating Agency Confirmation cannot be obtained (in circumstances set out within the definition of “Rating Agency Confirmation”);
- (vi) in respect of a Benchmark Rate Modification only, by no later than the date on which the proposed Benchmark Rate Modification becomes effective, the Issuer has agreed the corresponding Interest Rate Cap Rate Modification, other than if the Rating Agency provides a Rating Agency Confirmation to the Issuer that the Benchmark Rate Modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Rated Notes by such Rating Agency if there is no corresponding Interest Rate Cap Rate Modification;
- (vii) the Issuer has provided at least 30 days’ notice to the Noteholders of each Class of the proposed modification in accordance with Condition 10 (*Notifications*) and by publication on Bloomberg on the “Company News” screen relating to the Notes, (such notice, the “**Benchmark Modification Noteholder Notice**”) notifying the following:
  - (A) the period during which Noteholders of the Most Senior Class of Notes on the date specified to be the Benchmark Rate Modification Record Date (which shall be five Business Days from and excluding the date of publication of the Benchmark Modification Noteholder Notice (the “**Benchmark Rate Modification Record Date**”)), may object to the proposed Benchmark Rate Modification and the method by which they may object;
  - (B) the Benchmark Rate Disruption on the basis of which the Benchmark Rate Modification and/or Interest Rate Cap Rate Modification is being proposed;
  - (C) the Benchmark Rate Eligibility Requirement satisfied by the Alternative Benchmark Rate and, if paragraph (d) of the definition of Benchmark Rate Eligibility Requirement is being applied, the Issuer’s rationale for choosing the Alternative Benchmark Rate;
  - (D) details of the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Notes which are the subject of the Benchmark Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have (been the expected Rate of Interest applicable to each such Class of Notes had no such Benchmark Rate Modification been effected which, for the avoidance of doubt, may effect an increase or a decrease to the Relevant Margin or may be set at zero (the “**Note Rate Maintenance Adjustment**”), **provided that:**
    - (1) in the event that the Bank of England, the Financial Conduct Authority 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 has published, endorsed, approved or recognised a note rate maintenance adjustment mechanism which could be used in the context of a transition from SONIA to the Alternative

- Benchmark Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the Benchmark Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification;
- (2) in the event that it has become generally accepted market practice in the publicly listed asset backed floating rate notes to use a particular note rate maintenance adjustment mechanism in the context of a transition from SONIA to the Alternative Benchmark Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the Benchmark Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification;
  - (3) in the event that neither (1) nor (2) above apply, the Issuer shall use reasonable endeavours to propose an alternative Note Rate Maintenance Adjustment as reasonably determined by the Issuer and shall set out the rationale for the proposal or otherwise the Issuer shall set out in the Benchmark Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification; and
  - (4) if any Note Rate Maintenance Adjustment is proposed, the Note Rate Maintenance Adjustment applicable to each Class of Notes other than the Most Senior Class of Notes shall be at least equal to that applicable to the Most Senior Class of Notes. In circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Notes other than the Most Senior Class than that which is proposed for the Most Senior Class of Notes or another Class of Notes which ranks senior to the Class of Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, the Benchmark Rate Modification will not be made unless an Extraordinary Resolution is passed in favour of such modification in accordance with Condition 15 (*Meetings of Noteholders; Modification; Waiver and Substitution*) by the Noteholders of each Class of Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made;
- (E) details of (i) other amendments which the Issuer proposes to make (if any) to these Conditions or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to Benchmark Rate Modification and/or Interest Rate Cap Rate Modification;
- (viii) Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Trustee or 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 relevant notification period notifying the Trustee or the Issuer (as appropriate) that such Noteholders do not consent to the Benchmark Rate Modification and/or Interest Rate Cap Rate Modification; and
  - (ix) the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer, the Agents and the Trustee in connection with such modification.



If Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Trustee or 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 that such Noteholders do not consent to the modification, then any subsequent proposal by the Issuer in respect of a Benchmark Rate Modification or an Interest Rate Cap Rate Modification (as the case may be) must be sanctioned by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding passed in favour of such modification in accordance with Condition 15.1 (*Provisions in the Trust Deed*) and 15.2 (*Decisions and Meetings of Noteholders*), **provided that** in circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Notes other than the Most Senior Class than that which is proposed for the Most Senior Class of Notes or another Class of Notes which ranks senior to the Class of Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, such Extraordinary Resolution shall be passed by the Noteholders of the Most Senior Class of Notes then outstanding and by the Noteholders of each Class of Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made.

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Any such modifications permitted by this Condition 15.3 shall be binding on the Noteholders and other Secured Creditors and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 10 (*Notifications*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Condition 15.5 as soon as reasonably practicable thereafter.

Notwithstanding anything to the contrary in this Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*) or any Transaction Document:

- (a) when implementing any modification, pursuant to this Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*) to the Conditions, and/or any other Transaction Documents to which it is a party or in relation to which it holds security to or enters into any new, supplemental or additional documents, (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 Creditor or any other person and shall act and rely solely, and without further enquiry or liability, on any certificate (including any Benchmark Rate Modification Certificate or Interest Rate Cap Rate Modification Certificate (as applicable)) or evidence provided to it by the Issuer, as the case may be, pursuant to this Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) the Trustee shall not be obliged to agree to any modification of the Trust Deed, the Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the rights or protections of the Trustee in the Transaction Documents and/or the Conditions.

For the avoidance of doubt, the Issuer may propose an Alternative Benchmark Rate on more than one occasion **provided that** the conditions set out in this Condition 15.5 are satisfied.

#### 15.6 Waiver

- (a) In addition, the Trustee may at any time and from time to time in its sole discretion, without prejudice to its rights in respect of any subsequent breach, condition, event or act and without the consent or sanction of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of the covenants or

provisions contained in the Trust Deed and the Charge and Assignment, the Notes or any of the other Transaction Documents or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Trust Deed, the Charge and Assignment, the Notes or any other Transaction Document if, in the opinion of the Trustee, the interests of the Noteholders of the Most Senior Class of Notes then Outstanding will not be materially prejudiced by such waiver.

- (b) The Trustee shall not exercise any powers conferred upon it by Condition 15.6 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or of a request or direction in writing made by the holders of not less than 25 *per cent.* in aggregate Principal Amount Outstanding of the Most Senior Class of Notes outstanding, but so that no such direction or request (i) shall affect any authorisation, waiver or determination previously given or made or (ii) shall authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless the holders of each Class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.

#### 15.7 Notification

Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders and the other Secured Creditors in accordance with Condition 10 (*Notifications*) and the Transaction Documents, as soon as practicable after it has been made.

#### 15.8 Binding Nature

Any authorisation, waiver, determination or modification referred to in Condition 15.3 (*Modification*), Condition 15.4 (*Additional Right of Modification*), Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*) or Condition 15.6 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors. The Issuer covenants with the parties to the Master Framework Agreement that it will not propose and agree to any modification to:

- (a) the Conditions or the Priority of Payments that would change, or have the effect of changing, the position of Funding Circle (in any of its capacities in which it is party to any Transaction Document except as Retention Holder), Glencar XI (in any of its capacities in which it is party to any Transaction Documents except as Retention Holder), Great Trinity, the Agents or the Interest Rate Cap Provider in any Priority of Payments unless the prior written consent of such party has been obtained; and
- (b) Clause 8 (*Interest Rate Cap*) and Schedule 2, paragraph 8 (*Application of Amounts in respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium*) of the Cash Management and Calculation Agency Agreement unless the prior written consent of the Interest Rate Cap Provider has been obtained.

### 16. Substitution of Issuer

#### 16.1 Substitution of Issuer

Subject to the conditions of substitution pursuant to the Trust Deed, the Trustee may, without the consent of the Noteholders of any Class, or any other Secured Creditor, concur with the Issuer, to the substitution in place of the Issuer (or of the previous substitute under the Trust Deed) as the principal debtor under the Trust Deed, the Notes of each Class and of any other company (incorporated in any jurisdiction) (such substituted company being hereinafter called the “**New Company**”) if required for taxation reasons and subject to certain conditions as set out in the Trust Deed, including the requirement to obtain a Rating Agency Confirmation.

#### 16.2 Notice of Substitution of Issuer

Any substitution agreed by the Trustee pursuant to the Trust Deed shall be binding on the Noteholders, and the Issuer shall procure that such substitution shall be notified to the Noteholders and the other Secured Creditors in accordance with Condition 10 (*Notifications*) as soon as practicable.

16.3 Change of Law

In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors to a change of the law governing the Notes and/or any of the Transaction Documents, **provided that** such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding, **provided further that** the Rating Agencies are notified by the Issuer. For the avoidance of doubt, a Transaction Document cannot be amended without the agreement in writing of all the parties thereto.

16.4 No indemnity

No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

**17. Ratings Agency Confirmation**

- (a) In respect of the exercise of any right, 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 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, the Issuer shall deliver a written request (with a copy to the Trustee) for such Rating Agency Confirmation to each Rating Agency.

**18. Miscellaneous**

18.1 Trustee's right to indemnity

Without prejudice to the right of indemnity by law given to Trustees, the Issuer shall indemnify the Trustee and every Appointee and Receiver and keep it or him indemnified against all Liabilities to which it or he may be or become subject or which may be incurred by it or him in the negotiation, preparation and execution of the Trust Deed and the other Transaction Documents, and the execution or purported execution or exercise of any of its trusts, powers, authorities, duties, rights and discretions under the Trust Deed or any other Transaction Document or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to the Trust Deed or any other Transaction Document or the Charged Property or any such appointment (including, without limitation, Liabilities incurred in disputing or defending any of the foregoing). In particular, and without limitation, the Trustee and every Appointee and Receiver appointed by the Trustee hereunder shall be entitled to be indemnified out of the Charged Property in respect of all Liabilities properly incurred by them or him in the execution or purported execution of the trusts hereof or of any powers, authorities or discretions vested in them or him pursuant to the Trust Deed, these Conditions or any other Transaction Document and against all Liabilities in respect of any matter or things done or omitted in any way relating to the Charged Property, and the Trustee may retain any part of any moneys in its hands arising from the trusts of the Trust Deed all sums necessary to effect such indemnity and also the remuneration of the Trustee provided and the Trustee shall have a lien on the Charged Property for all moneys payable to it under the Trust Deed or otherwise howsoever. Notwithstanding anything to the contrary herein, the Trustee shall not be indemnified for any Liabilities incurred as a result of the Trustee's gross negligence, willful default or fraud.

18.2 No responsibility for loss or for monitoring

The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in the Trust Deed or to take any steps to ascertain whether any Event of Default, Potential Event of Default, Tax Event, Illegality Event, Regulatory Event or other relevant event has happened or if the Issuer or any other party has breached any of its obligations under the Transaction Documents and, until it shall have written notice to the contrary, the Trustee shall be entitled to assume that no Event of Default, Potential Event of Default, Tax Event, Illegality Event, Regulatory Event or any other relevant event which causes or may cause

a right to become exercisable by the Issuer or the Trustee under the Trust Deed or any other Transaction Document has happened and that the Issuer and the other parties are observing and performing all their respective obligations under the Trust Deed, the Notes and the other Transaction Documents.

18.3 Regard to Noteholders

In connection with the exercise by it of any of its trusts, powers, duties, authorities and discretions under the Trust Deed or any other Transaction Document, the Trustee shall have regard to the interests of each Class of Noteholders as a Class and, shall not have regard to the consequences of such exercise for individual Noteholders of such Class 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 consequence of any such exercise upon individual Noteholders. For the purpose of determining whether or not any such exercise is materially prejudicial to the interests of the Noteholders of any Class of Notes, the Trustee shall be entitled to consider all such matters, information or any documentation delivered in respect thereof (whether addressed to the Trustee or otherwise) as the Trustee deems appropriate).

18.4 Prescription

In respect of the Notes, claims for (i) principal shall become void where application for payment is made more than ten (10) years; and (ii) interest shall become void where application for payment is made more than five (5) years, in each case, after the due date therefor.

18.5 Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Registrar subject to all Applicable Laws and Euronext Dublin requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer or the Registrar may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

18.6 Agent for service of process

The Issuer (a) shall appoint Law Debenture Corporate Services Limited (having an office, at the date hereof, at Fifth Floor, 100 Wood Street, London, EC2V 7EX as its agent for service of process in respect of any proceedings before the courts of England arising out of or in connection with the Notes on the terms set forth in a separate process agent letter and (b) undertakes that in the event of Law Debenture Corporate Services Limited ceasing so to act it will appoint another person with a registered office in London as its agent for service of process.

18.7 Notice of transfer of Class Z Notes

Each Class Z Noteholder agrees to notify the Issuer and, prior to the occurrence of a Servicing Termination Event, Funding Circle of any transfer or exchange by it of its beneficial interest in any Global Note or any Definitive Certificate in respect of the Class Z Notes.

**19. Governing Law and Jurisdiction**

19.1 Governing law

The Trust Deed and the Notes and all non-contractual obligations arising from or connected with them are governed by and construed in accordance with English law.

19.2 Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Transaction Documents and the Notes (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the such documents or the consequences of their nullity) and accordingly

any legal action or proceedings arising out of or in connection with the Transaction Documents or the Notes may be brought in such courts. The Issuer has in each of the Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such courts.

## **SOME IMPORTANT LEGAL AND REGULATORY CONSIDERATIONS**

### *Business and Regulatory Risks for Vehicles such as the Issuer*

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the Issuer. In addition, the securities and derivatives markets are subject to comprehensive statutory, regulatory and margin requirements. Certain regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of transactions of a type similar to this transaction and derivative transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

### *Centre of Main Interests*

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interest (“**COMI**”) is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the Court of Justice of the European Union (“**CJEU**”) in relation to Eurofood IFSC Limited, the CJEU restated the presumption in the European Insolvency Regulation 2015/848, that the place of a company’s registered office is presumed to be the company’s COMI and stated that the presumption can only be rebutted if “factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect”. As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer’s COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland and could, instead, be opened in a different jurisdiction.

### *Regulatory Initiatives*

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of banks, financial institutions, “shadow banking entities” and the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold or trade asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer nor the Trustee nor any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the impact of such regulation on investors or the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

This uncertainty is further compounded by the numerous regulatory efforts underway in Europe, the U.S. and globally. Certain of these efforts overlap. In addition, even where these regulatory efforts overlap, they generally have not been undertaken on a coordinated basis. Areas where divergence between regulation exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) include trading, clearing and reporting requirements for derivatives transactions, higher capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory “ring-fencing” of capital or liquidity in certain jurisdictions, among others. Investors should be aware that those risks are material and that the Issuer and, consequently, an investment in the Notes could be materially and adversely affected thereby.

None of the Issuer, the Arranger, the Joint Lead Managers, the Trustee, the Agents, Funding Circle, the Retention Holders nor any of their respective Affiliates makes any representation as to the proper characterisation of the Notes for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to invest in the Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. All prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges, reserve requirements or other consequences.

### *Basel III*

The Basel Committee on Banking Supervision (the “**Basel Committee**”) has approved significant changes to the Basel II Framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “**Liquidity Coverage Ratio**” and the “**Net Stable Funding Ratio**”). The changes approved by the Basel Committee, subject to any EU region or national implementation and amendments, may have an impact on the capital requirements in respect of the notes and/or on incentives to hold the notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or price of the notes.

The Basel III reforms have been implemented in the European Economic Area (“**EEA**”) through the Capital Requirements Regulation and the Capital Requirements Directive (together “**CRD IV**”). CRD IV became effective in the UK and other EU member states on 1 January 2014. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures and the final timeline remains subject to agreement.

On 13 July 2018 the European Commission adopted revisions to Delegated Regulation (EU) 2015/61 for the Liquidity Coverage Ratio. The adopted revisions were published in the Official Journal of the European Union on 30 October 2018. They apply from eighteen months after publication, that is April 2020. If the revisions remain in their currently adopted format, certain securitisations which would currently be designated as high quality liquid assets (“**HQLA**”) for the purposes of the Liquidity Coverage Ratio would likely cease to be HQLA following the application date of the revised delegated regulations unless they are at such time classified as STS securitisations under the Securitisation Regulation (each as defined below). No assurance can be given that the Transaction does qualify as an STS securitisation as at the date of this Prospectus or will continue to qualify at any time in the future. There is a risk that if the Transaction is not an STS securitisation as at the application date of the revised delegated regulations, it will not be eligible as HQLA for the purposes of the Liquidity Coverage Ratio from such date.

### *CRA 3*

Regulation (EU) 462/2013 of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies (“**CRA3**”) came into force on 20 June 2013. CRA3 has subsequently been supplemented by Delegated Regulation (EU) 2015/3 of 30 September 2014 (the “**CRA3 RTS**”).

Article 8(c) of CRA3 has introduced a requirement that where an issuer or a related third party intends to solicit a credit rating of structured finance instruments, it shall obtain two independent ratings for such instruments. Article 8(d) of CRA3 has introduced a requirement that where an issuer or a related third party intends to appoint at least two credit rating agencies to rate the same instrument, the issuer or a related third party shall consider appointing at least one rating agency having less than a 10 *per cent.* market share among agencies capable of rating that instrument. The Issuer intends to have two rating agencies appointed, but does not make any representation as to market share of either agency, and any consequences for the Issuer, related third parties and investors if an agency does not have a less than 10 *per cent.* market share are not specified. Investors should consult their legal advisors as to the applicability of CRA3 and any consequence of non-compliance in respect of their investment in the Notes.

### *The Securitisation Regulation, the CRR Amendment Regulation and other applicable regulations*

A regulation (Regulation (EU) 2017/2401) to amend the CRR (together with any regulatory and implementing technical standards supplementing such regulation from time to time, the “**CRR Amendment Regulation**”) and a regulation (Regulation (EU) 2017/2402) aiming to create a general European framework for securitisation and a specific framework for “simple, transparent and standardised” securitisation (together with any regulatory and implementing technical standards supplementing such regulation from time to time and official guidance related thereto, the “**Securitisation Regulation**”) were published in the Official Journal of the European Union on 28 December 2017 and entered into force on 17 January 2018. The Securitisation Regulation applies to securitisations the securities of which are issued on or after 1 January 2019.

Investors should be aware of the risk retention, due diligence and transparency requirements set out in the Securitisation Regulation and the CRR Amendment Regulation (and of any corresponding implementing rules of their regulator), in addition to any other regulatory requirements that are (or may become) applicable to them and/or with respect to their investment in the Notes. Each investor should consult with its own legal, tax, business, accounting, regulatory and other advisors and/or its regulator before committing to acquire any Notes to determine whether, and to what extent, the information set out in this Prospectus and in any Quarterly Investor Reports or Quarterly Loan-by-Loan Reports provided in relation to the transaction is sufficient for the purpose of satisfying such requirements.

None of the Issuer, the Arranger, the Joint Lead Managers, the Trustee, the Agents, Funding Circle or the Retention Holders, their respective Affiliates or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Notes and the transactions described herein are compliant with the requirements under the Securitisation Regulation or the CRR Amendment Regulation or any other applicable legal, regulatory or other requirements. No such person shall have any liability to any prospective investor with respect to any deficiency in such information or any failure of the transactions contemplated hereby to comply with or otherwise satisfy such requirements.

#### *Due Diligence Requirements for Institutional Investors*

Article 5 of the Securitisation Regulation contains due diligence requirements (the “**EU Due Diligence Requirements**”) that apply to “institutional investors” as defined in Article 2(12) of the Securitisation Regulation (“**Institutional Investors**”). Institutional Investors include institutions for occupational retirement provision, credit institutions, alternative investment fund managers that manage and/or market alternative investment funds in the EU, investment firms as defined in the CRR, insurance and reinsurance undertakings, and management companies of UCITS funds (or internally managed UCITS).

These requirements restrict such Institutional Investors from investing in securitisations unless such investors have verified (among other things) that: (i) the originator, sponsor or original lender will retain, on an ongoing basis, a material net economic interest of not less than five *per cent.* in the securitisation in accordance with the Securitisation Regulation and the risk retention is disclosed to the Institutional Investor; (ii) the originator, sponsor or securitisation special purpose entity (“**SSPE**”) has, where applicable, made available the information required by Article 7 of the Securitisation Regulation (as to which see “*Transparency Requirements*” below) in accordance with the frequency and modalities provided for in that Article; and (iii) where the originator or original lender is established in the EU, and is not a credit institution or an investment firm as defined in the CRR, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in accordance with Article 9(1) of the Securitisation Regulation. The EU Due Diligence Requirements also require Institutional Investors to conduct initial and ongoing due diligence with respect to a securitisation, their securitisation positions and the underlying exposures.

Pursuant to Article 14 of the CRR consolidated subsidiaries of credit institutions and investment firms subject to the CRR may also be subject to these requirements.

Failure to comply with one or more of the requirements may result in various penalties including, in the case of those Institutional Investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor.

#### *Transparency Requirements*

The originator, sponsor and SSPE (*i.e.* the Issuer) of a securitisation are required to designate amongst themselves one entity (the “**reporting entity**”) to fulfil the reporting requirements in Article 7(1) of the Securitisation Regulation (the “**Transparency Requirements**”). The reporting entity must make certain prescribed information available to holders of a securitisation position, to the relevant competent authorities and, upon request, to potential investors in the securitisation. The Retention Holders and the Issuer will designate the Issuer as reporting entity to fulfil the applicable Transparency Requirements applicable to the transaction on or prior to the Closing Date.

Under Article 7(1)(b) of the Securitisation Regulation, certain transaction documents and the prospectus are required to be made available before pricing. It is not possible to make final documentation available before pricing and, therefore, draft documentation will be made available prior to pricing in substantially final form and the final Transaction Documents and prospectus will be available on and after the Closing Date on the website of



EuroABS (<https://www.euroabs.com/IH.aspx?d=11833>) or by such other means as are required or as are permitted (and selected by the Issuer) from time to time by the Securitisation Regulation.

Article 7 of the Securitisation Regulation also includes ongoing reporting obligations which include the publication of quarterly portfolio level information reports and quarterly investor reports (together the “**Regulatory Reports**”); any inside information relating to the securitisation that the reporting entity is obliged to make public under the Market Abuse Regulation (Regulation (EU) No 596/2014) (“**Inside Information**”); and, where applicable, information on “significant events” (“**Significant Events**”). Disclosures relating to any Inside Information and, to the extent applicable, Significant Events are required to be made available “without delay”. It is intended that these requirements will be satisfied by the Issuer as the reporting entity, procuring the publication of (i) the Quarterly Loan-by-Loan Reports and the Quarterly Investor Reports on a quarterly basis, and (ii) any Inside Information and any required information relating to Significant Events without delay.

On 16 October 2019, the European Commission published Delegated Regulation (C(2019) 7334 final) supplementing the Securitisation Regulation with regulatory technical standards specifying the information to be made available for the purposes of the obligations set out in Article 7(1)(a) and (e) of the Securitisation Regulation (the “**Transparency RTS**”) by originators, sponsors and/or securitisation special purpose entities (“**SSPEs**”). The Transparency RTS have been laid before the European Council and the European Parliament for a three month review period, during which either may object and veto the Transparency RTS, however this is not expected in view of timing, current politics, and the technical nature of this document. Following the expiration of the three month review period without objection, the Transparency RTS will be published in the Official Journal of the European Union. The Transparency RTS will enter into force on the twentieth day after their publication and the Transparency RTS could enter into force in February 2020.

The transitional provisions of the Securitisation Regulation with respect to the Transparency Requirements provide that until the adoption of the Transparency RTS, for the purposes of the Regulatory Reports, the reporting entity shall make available the information referred to in Annexes I to VIII of the CRA3 RTS to the extent applicable to the relevant transaction (the “**Transitional Reporting Provisions**”). Currently, there is no dedicated CRA3 RTS template for investor reports in relation to SME loan transactions (other than with respect to content of investor reports set out in Annex VIII of the CRA3 RTS), nor is it expected that one will be developed in accordance with the CRA3 RTS. As such, prior to the application of the Transparency RTS, for the purposes of complying with the obligations under subparagraphs (a) and (e) of Article 7(1), the Issuer as the reporting entity, will procure that the information referred to in Annex III and Annex VIII of the CRA3 RTS is made available through the Quarterly Investor Reports and the Quarterly Loan-by-Loan Reports.

On 30 November 2018, the European Banking Authority (the “**EBA**”), ESMA and the European Insurance and Occupational Pensions Authority (the “**ESAs**”) published a joint statement (the “**Joint Statement**”) regarding the reporting templates to be used for the Regulatory Reports in the period until the Transparency RTS apply.

The ESAs noted the operational difficulties of compliance with the Transparency Requirements using the CRA3 RTS templates and stated that they expect national Competent Authorities to generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation in a proportionate and risk-based manner. This approach entails that the Competent Authorities can, when examining reporting entities’ compliance with the disclosure requirements of the Securitisation Regulation, take into account the type and extent of information already being disclosed by reporting entities and does not require general forbearance, but a case-by-case assessment by the Competent Authorities of the degree of compliance with the Securitisation Regulation.

The Joint Statement is not a legally binding document and there is currently uncertainty in relation to the legal position as regards the form of Quarterly Investor Report and the Quarterly Loan-by-Loan Report until the date of application of the Transparency RTS. However, in light of the Joint Statement, the transaction described herein will initially seek to comply with subparagraphs (a) and (e) of Article 7(1) and make available the information referred to in Annex III and Annex VIII of the CRA3 RTS through the Quarterly Loan-by-Loan Reports and the Quarterly Investor Reports. Investors should note that it is for relevant Competent Authorities to determine whether they consider that this form of reporting satisfies the Transparency Requirements and none of the Issuer, the Reporting Agent, any Retention Holder, the Trustee or any other person gives any assurance as to whether this form of reporting will satisfy the applicable Transparency Requirements.

Once the Transparency RTS apply the Issuer as the reporting entity, will be required to procure the publication of the Quarterly Loan-by-Loan Reports and Quarterly Investor Reports in accordance with the requirements of Article 7(1)(a) and (e) of the Securitisation Regulation and the Transparency RTS.

With respect to the transparency obligations of the Issuer under Article 7, please see the information in the section entitled “*Transaction Documents - Reporting Agency Agreement*”

It should be noted that any failure by the Issuer, as the reporting entity (or any party acting on behalf of the reporting entity) to fulfil the Transparency Requirements applicable to the Issuer may cause the transaction to be non-compliant with the Securitisation Regulation.

#### *Securitisation Regulation – STS*

The Transaction is intended to qualify as a simple, transparent and standardised (“**STS**”) securitisation within the meaning of article 18 of the Securitisation Regulation. The Retention Holders have used the services of PCS, as a verification agent authorised under article 28 of the Securitisation Regulation in connection with the STS Verification and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 of the CRR and Article 13 of the LCR Regulation (together with the STS Verification, the “**STS Assessment**”). It is expected that the STS Assessment prepared by PCS will be available on the PCS website (<https://www.pcsmarket.org/sts-verificationtransactions/>) together with a detailed explanation of its scope at <https://www.pcsmarket.org/disclaimer>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. No assurance can be provided that the Transaction does or continues to qualify as an STS securitisation under the Securitisation Regulation on the Closing Date nor at any point in time in the future. None of the Issuer, the Sellers, any Retention Holder, the Arranger, the Joint Lead Managers or any other party to the Transaction Documents makes any representation or accepts any liability for the Securitisation to qualify as an STS securitisation under the Securitisation Regulation on the Closing Date nor at any point in time in the future.

Within 15 Business Days of the Closing Date, it is intended that the Retention Holders, as originators, will jointly submit the STS Notification to ESMA, in accordance with article 27 of the Securitisation Regulation, and to the FCA confirming that the STS Requirements have been satisfied with respect to the Transaction.

Funding Circle (on behalf of the originators) has (prior to pricing) made available to the holders of the Notes (through the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=11833>) a cashflow model, either directly or indirectly through one or more entities which provide such cashflow models to investors generally. Funding Circle (in its capacity as an originator) shall procure that such cashflow model (i) precisely represents the contractual relationship between the Loans and the payments flowing between the originators, Great Trinity, investors in the Notes, other third parties and the Issuer, and (ii) is made available (through the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=11833>) to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request.

#### **Recourse and Security**

The Purchased Loan Receivables constitute unsecured obligations of the relevant Funding Circle Borrower. In the event of a default by a Funding Circle Borrower, the Issuer would rank alongside, and with full right of recourse to the assets of such Funding Circle Borrower, as its other general, unsecured creditors. The Issuer would, however, have fewer rights than secured creditors of such Funding Circle Borrower.

Personal Guarantees are always required where the Funding Circle Borrower is a limited company, creating a secondary payment obligation to support the primary obligation of the Funding Circle Borrower. In the event of the default of a Funding Circle Borrower that is a limited company, FTCL on behalf of the Issuer would have an unfettered right to claim with full recourse against the Guarantor.

#### **Credit Assessment Process**

The Purchased Loan Receivables were originated in the ordinary course of each Retention Holder’s business (in the sole opinion of such Retention Holder) pursuant to underwriting standards which are no less stringent than those applied to Loan Receivables which will not be securitised. Each Loan has been approved in accordance with principles and processes set out in the Funding Circle Lending Policy applicable as at the time of approval, including, among others:

- (a) assessment of the potential borrower’s creditworthiness, prior to concluding a Loan Agreement, on the basis of information obtained both from the applicant and relevant databases and which takes appropriate account of factors relevant to verifying the prospect of the applicant’s meeting its obligations under the Loan Agreement;

- (b) Loan Agreements do not envisage and include the ability to significantly increase the amount of credit after conclusion of a Loan Agreement and a request by an existing Funding Circle Borrower to increase the total amount of credit after the conclusion of the Loan Agreement would therefore be treated as a new application, requiring reassessment of the borrower's creditworthiness and financial information;
- (c) the procedures and information on which the assessment is based are documented and maintained in the Funding Circle's records systems;
- (d) there is no option for the Funding Circle Investor to cancel or alter the Loan Agreement once concluded to the detriment of the Funding Circle Borrower, on the grounds that the assessment of creditworthiness was incorrectly conducted;
- (e) applications for credit should be approved only where the result of the creditworthiness assessment indicates that the obligations resulting from the Loan Agreement are likely to be met in the manner required under that agreement.

### **Loan Portfolio Selection**

As of the Loan Portfolio Cut-Off Date, to the best of the knowledge of the Retention Holders:

- (a) no Purchased Loan Receivable should be considered to be an exposure in default within the meaning of Article 178(1) of Regulation (EU) 575/2013; and
- (b) at least one of the Obligors in relation to a Purchased Loan Receivable should not be regarded as credit-impaired within the meaning of Article 20(11)(a), (b) or (c) of the Securitisation Regulation,

in each case, as such requirements are interpreted in the published guidelines of the European Banking Authority of 12 December 2018 on the STS criteria for non-ABCP securitisation.

### **Arrears and Default Procedures**

Funding Circle has well documented and adequate policies, procedures and risk management controls pursuant to which it manages the ongoing loan monitoring and servicing for loans originated on the Funding Circle Platform, subject to and in accordance with the Master Framework Agreement, the Servicing Transaction Documents and the Collection Policy, which contain the relevant definitions, remedies and actions relating to the procedures and policies of Funding Circle for addressing delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.

### **Loans to SMEs**

As at the Closing Date, at least 80% of the Loan Portfolio has been originated to a small and medium sized-enterprise (as such term is defined in the Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises) as required pursuant to Article 13(2)(g)(iii) of the LCR Regulation.

### *Uncertainties in the Scope of the Requirements of the Securitisation Regulation*

Aspects of the detail and effect of the Securitisation Regulation and what is, or will be, required to demonstrate compliance to Competent Authorities remain unclear. The EU authorities have published only limited binding guidance relating to the satisfaction of the requirements of the Securitisation Regulation by an institution similar to the Retention Holders. Furthermore, any relevant regulator's views with regard to the Securitisation Regulation may not be based exclusively on technical standards, guidance or other information known at this time.

If a Competent Authority determines that the transaction or an Institutional Investor's investment in such transaction did not comply or is no longer in compliance with the Securitisation Regulation, then: (i) investors may be subject to regulatory sanctions and, where relevant, be required by their regulator to set aside additional capital against their investment in the Notes or take other remedial measures in respect of their investment in the Notes; and (ii) the Retention Holders and/or the Issuer may be subject to administrative and/or criminal sanctions. Any such sanctions levied on the Retention Holders and/or Issuer may materially adversely affect their ability to perform their obligations under the Transaction Documents and, in the case of the Issuer, the Notes which may have a negative impact on the price and liquidity of the Notes in the secondary market.

Any changes in the law or regulation, the interpretation or application of any law or regulation or changes in the regulatory capital treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market.

No assurance can be given that the Securitisation Regulation, or the interpretation or application thereof, will not change, and, if any such change is effected, whether such change would affect the regulatory position of current or future investors in the Notes. The Retention Holders do not have an obligation to change the quantum or nature of its holding of the Retention Notes due to any future changes in the Securitisation Regulation or in the interpretation thereof.

Relevant investors are required to independently assess and determine the sufficiency of the information described herein for the purposes of complying with any relevant requirements. None of the Arranger, the Joint Lead Managers, the Issuer, the Reporting Agent, the Retention Holders, Funding Circle, the Trustee, the Principal Paying Agent, the Cash Manager and Calculation Agent, any other Agent, their respective Affiliates or any other Person makes any representation, warranty or guarantee that any information described herein is sufficient in all circumstances for such purposes or any other purpose or that the structure of the Notes, the Retention Holders (including their holding of the Retention Notes) and the transactions described herein are compliant with the Securitisation Regulation, the EU Due Diligence Requirements thereunder or any other applicable legal or regulatory or other requirements and no such person shall have any liability to any prospective investor or investor with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements.

#### *U.S. Risk Retention Rules*

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the “securitiser” of a “securitisation transaction” to retain at least 5 per cent. of the “credit risk” of “securitised assets”, as such terms are defined for purposes of that statute, and generally prohibit a securitiser from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitiser is required to retain. Final rules implementing the statute (the “**U.S. Risk Retention Rules**”) came into effect on 24 December 2016 with respect to non-RMBS securitisations. The U.S. Risk Retention Rules provide that the securitiser of an asset backed securitisation is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Retention Holders intend 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 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as Risk Retention U.S. Persons); (3) neither the sponsor nor the issuer is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Retention Holders have not acquired more than 25 per cent. of the Loan Receivables sold to the Issuer from any of their affiliates or branches or any affiliates or branches of the Issuer that are organised or located in the United States.

Prospective investors should note that the definition of “U.S. person” in the U.S. Risk Retention Rules (referred to as Risk Retention U.S. Persons for the purposes of this Prospectus) is different from the definition of “U.S. person” under Regulation S. 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” 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 acquired in the initial distribution of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Retention Holders, the Arranger and the Joint Lead Managers that (1) either (a) it is not a Risk Retention U.S. Person or (b) it has obtained a U.S. Risk Retention Waiver, (2) it is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) it is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Retention Holders advised the Issuer that they will not provide a U.S. Risk Retention Waiver to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons on the Closing Date.

The Retention Holders, the Issuer, the Arranger and the Joint Lead Managers are relying on the deemed representations made by purchasers of the Notes and may not be able to determine the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules, and neither the Arranger, the Joint Lead Managers nor any person who controls it or any director, officer, employee, agent or Affiliate of the Arranger or the Joint Lead Managers accepts any liability or responsibility whatsoever for any such determination or characterisation.

Failure on the part of the Retention Holders to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Retention Holders which may adversely affect the Notes and the ability of the Retention Holders to perform their obligations under the Transaction Documents. Furthermore, a failure by the Retention Holders to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

#### *European Market Infrastructure Regulation*

The European Market Infrastructure Regulation EU 648/2012, as amended by Regulation EU 2019/834 ("EMIR") and its various delegated regulations and technical standards impose a range of obligations on parties to "over-the-counter" ("OTC") derivative contracts according to whether they are "financial counterparties" such as investment firms, alternative investment funds (see "*Alternative Investment Fund Managers Directive*") below, credit institutions and insurance companies, or other entities which are "non-financial counterparties" (or third country entities equivalent to "financial counterparties" or "non-financial counterparties"). The Issuer is, at the current time, a non-financial counterparty.

Financial counterparties (as defined in EMIR) above the clearing threshold (being when the gross notional value of all OTC derivative contracts entered into by the financial counterparty and other entities within its "group" including hedging transactions, exceeds certain thresholds (set per asset class of OTC derivatives)) will be subject to a general obligation to clear through a duly authorised or recognised central counterparty (the "**clearing**

**obligation**) all “eligible” OTC derivative contracts entered into with other counterparties subject to the clearing obligation.

All financial counterparties must also report the details of all derivative contracts to a trade repository (the “**reporting obligation**”), and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures (the “**risk mitigation obligations**”). Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged (the “**margin requirement**”). At the current time, the Issuer is not a financial counterparty but should this change, this may lead to a termination of the Interest Rate Cap or the restricting of its terms.

Non-financial counterparties (as defined in EMIR) are exempted from the clearing obligation and certain additional risk mitigation obligations (such as the posting of collateral) provided the gross notional value of all OTC derivative contracts entered into by the non-financial counterparty and other non-financial counterparties within its “group”, excluding eligible hedging transactions, does not exceed certain thresholds (set per asset class of OTC derivatives). If the Issuer is considered to be a member of a “group” (as defined in EMIR) (which may, for example, potentially be the case if the Issuer is consolidated by a Noteholder as a result of such Noteholder’s holding of a significant proportion of the Class Z Notes) and if the aggregate notional value of OTC derivative contracts entered into by the Issuer and any non-financial entities within such group exceeds the applicable thresholds, the Issuer would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. Non-financial counterparties are also subject to the reporting obligations and other risk mitigation obligations.

Key details in respect of the clearing obligation and the margin requirement and their applicability to certain classes of OTC derivative contracts are to be provided through corresponding regulatory technical standards. Whilst regulatory technical standards have largely been published in respect of certain classes of OTC derivative contracts, others may be proposed.

It should also be noted that the Securitisation Regulation (which applied in general from 1 January 2019), among other things, makes provisions for the development of technical standards in connection with the EMIR regime specifying (i) an exemption from clearing obligations and (ii) a partial exemption from the collateral exchange obligations for non-cleared OTC derivatives, in each case for “simple, transparent and standardised” (“**STS**”) securitisation swaps (subject to the satisfaction of the relevant conditions). The final draft technical standards have been prepared by the European Supervisory Authorities and submitted to the European Commission in December 2018 and these are now subject to the EU political negotiation process. As a result, the time of entry into force and the date of application of the new technical standards is unknown at this point.

Within 15 Business Days of the Closing Date, the Retention Holders intend to submit the STS Notification. However, until the final new technical standards referred to above are in force, no assurance can be given that the Issuer will meet the applicable exemption criteria provided therein. Notwithstanding the STS designation and the ability, as a result, to rely on the exemptions from clearing and collateral exchange obligations under the EMIR regime, the expectation is that the Issuer should not be required to comply with the EMIR collateral exchange obligations and clearing requirements for the reasons outlined above (as the Issuer is expected to be a non-financial counterparty below the “clearing threshold”). The STS designation and the related forthcoming exemptions from collateral exchange obligations and clearing requirements are only likely to become relevant should the status under the EMIR of the Issuer change from non-financial counterparty below the “clearing threshold” to non-financial counterparty above the “clearing threshold” or financial counterparty and, if applicable, should the Issuer be regarded as a type that is subject to EMIR clearing requirement.

#### *Clearing obligation*

To date, three sets of regulatory technical standards governing the mandatory clearing obligation for certain classes of OTC derivative contracts have been published introducing clearing obligations with effect from various dates depending on different categorisations of the parties involved and the relevant class of OTC derivatives contracts.

#### *Margin requirements*

On 4 October 2016, the European Commission adopted regulatory technical standards on risk-mitigation techniques for OTC derivative contracts not cleared by a central clearing counterparty to the European

Commission (the “**RTS**”). The RTS were published in the Official Journal on 15 December 2016 and entered into force on 4 January 2017.

The RTS margin requirements in respect of non-cleared OTC derivatives as well as specify the criteria regarding intragroup exemptions and provide that (a) initial margin requirement will take effect on dates ranging originally from one (1) month after the RTS entered into force (for certain entities with a non-cleared OTC derivative portfolio above €3 trillion) to 1 September 2020 (for certain entities with a non-cleared OTC derivative portfolio above €8 billion) although it is expected that this date may be extended to 1 September 2021, and (b) variation margin requirements take effect either from one (1) month after the RTS entered into force (for certain entities with a non-cleared OTC derivative portfolio above €3 trillion), or from 1 March 2017 for all other in-scope counterparties. The margin requirements apply to financial counterparties and non-financial counterparties above the clearing threshold and, depending on the counterparty, will require collection and posting of variation margin and, for the largest counterparties/groups, initial margin.

If the Issuer becomes subject to the clearing obligation or to the margin requirement, it is unlikely that it would be able to comply with such requirements, which would adversely affect the Issuer’s ability to enter into or continue the Interest Rate Cap or significantly increase the cost thereof, negatively affecting the Issuer’s ability to hedge its interest rate risk. As a result of such increased costs, additional regulatory requirements and limitations on ability of the Issuer to hedge interest rate and currency risk, the amounts payable to Noteholders may be negatively affected.

The Interest Rate Cap may also contain early termination events which are based on the application of EMIR and which may allow the relevant counterparty to terminate the Interest Rate Cap upon the occurrence of an adverse EMIR-related event. The termination of the Interest Rate Cap in these circumstances may result in a termination payment being payable by the Issuer.

Prospective investors should be aware that the regulatory changes arising from EMIR may in due course significantly increase the cost of entering into derivative contracts (including the potential for non-financial counterparties such as the Issuer to become subject to marking to market and collateral posting requirements in respect of non-cleared OTC derivatives such as the Interest Rate Cap). These changes may adversely affect the Issuer’s ability to manage interest rate risk. As a result of such increased costs and/or additional regulatory requirements, investors may receive significantly less or no interest or return, as the case may be. Investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR in making any investment decision in respect of the Notes.

#### *Alternative Investment Fund Managers Directive*

EU Directive 2011/61/EU on Alternative Investment Fund Managers (“**AIFMD**”) introduced authorisation and regulatory requirements for managers of alternative investment funds (“**AIFs**”). If the Issuer were to be considered to be an AIF within the meaning in AIFMD, it would need to be managed by a manager authorised under AIFMD (an “**AIFM**”). If considered to be an AIF, the Issuer would also be classified as a “financial counterparty” under EMIR, unless it is categorised as a “securitisation special purpose entity” as referred to in point (g) of Article 2(3) of AIFMD (the “**SSPE Exemption**”), and may be required to comply with clearing obligations with respect to the Interest Rate Cap and obligations to post margin to any central clearing counterparty or market counterparty. See also “*European Market Infrastructure Regulation*” above.

ESMA has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it. However, as regards the position in Ireland, the Central Bank has confirmed that pending such further clarification from ESMA, “registered financial vehicle corporations” with the meaning of Article 1(2) of Regulation (EU) No 1075/2013 of the European Central Bank, such as the Issuer, do not need to seek authorisation as, or appoint, an AIFM unless the Central Bank issues further guidance advising them to do so.

#### *Retention Financing*

Each Retention Holder may in the future enter into financing arrangements in respect of its assets, which may include the Retention Notes held by it (any such financing entered into in respect of the Retention Notes being a “**Retention Financing Arrangement**”) and may either grant security over, or transfer title to, such Notes in connection with such financing. If the collateral arrangements in respect of any Retention Financing Arrangements are by way of title transfer, the relevant Retention Holder would retain the economic risk in such Notes but not legal ownership of them. None of the Retention Holders, any Agent, the Issuer, the Trustee, the Arranger, the

Joint Lead Managers or any of their respective Affiliates makes any representation, warranty or guarantee that any Retention Financing Arrangements will comply with the Securitisation Regulation. In particular, should the relevant Retention Holder default in the performance of its obligations under Retention Financing Arrangements, the lender or lenders thereunder would have the right to enforce the security granted by the relevant Retention Holder, including effecting the sale or appropriation of some or all of such Notes or, if the collateral arrangements in respect of such Retention Financing Arrangements are by way of title transfer, the relevant Retention Holder would not be entitled to have such Notes (or equivalent securities) returned to it. In exercising its rights pursuant to any Retention Financing Arrangements, any lender would not be required to have regard to the Securitisation Regulation and any such sale or appropriation may therefore cause the transaction described in this document to be non-compliant with the Securitisation Regulation.

The term of any Retention Financing Arrangements may be considerably shorter than the effective term of the Notes, and separately, or as a result of other terms of the Retention Financing Arrangements may require the relevant Retention Holder to repay or refinance the Retention Financing Arrangements whilst some or all Classes of Notes are Outstanding. If refinancing opportunities were limited at such time and the relevant Retention Holder was unable to repay the retention financing from its own resources, the relevant Retention Holder could be forced to sell some or all of the Notes held by it in order to obtain funds to repay the retention financing without regard to the Securitisation Regulation, and such sales may therefore cause the transaction described in this document to be non-compliant with the Securitisation Regulation.

*Anti-Money Laundering, Anti-Terrorism, Anti-Corruption, Bribery and Similar Laws May Require Certain Actions or Disclosures*

Many jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively, the “**AML Requirements**”). Any of the Issuer, the Agents or the Trustee could be requested or required to obtain certain assurances from prospective investors intending to purchase Notes and to retain such information or to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is expected that the Issuer, the Agents and the Trustee will comply with AML Requirements to which they are or may become subject and to interpret such AML Requirements broadly in favour of disclosure. In addition, it is expected that each of the Issuer, the Agents and the Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith. A Noteholder may also be obliged to provide information they may have previously identified or regarded as confidential to satisfy the Issuer AML Requirements.

*Legal considerations may restrict certain investments*

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor of the Notes should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

*The Common Reporting Standard*

The common reporting standard framework was first released by the Organisation for Economic Co-operation and Development (“**OECD**”) in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard (the “**CRS**”). The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) (“**FIs**”) relating to account holders who are tax resident in other participating jurisdictions.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“**DAC II**”) implements the CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).



*Regulated Banking Activity*

While non-bank lending is currently being promoted within the EU, in many jurisdictions, especially in continental Europe, engaging in lending activities “in” certain jurisdictions particularly via the original extension of credit granting a loan and in some cases including purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, “**Regulated Banking Activities**”) is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws (or the AIFMD, in the case of European long-term investment funds). Although a number of jurisdictions have consulted and published guidance on non-bank lending, in many such jurisdictions, there is comparatively little statutory, regulatory or interpretive guidance issued by the competent authorities or other authoritative guidance as to what constitutes the conduct of Regulated Banking Activities in such jurisdictions.

As such, if any Funding Circle Borrower after the date on which the Purchased Loan Receivable was advanced, is no longer a UK resident the Purchased Loan Receivable may be subject to these local law requirements. Moreover, these regulatory considerations may differ depending on the country in which each Funding Circle Borrower is located or domiciled, on the type of Funding Circle Borrower and other considerations. Therefore, at the time when the Purchased Loan Receivables are acquired by the Issuer, there can be no assurance that, as a result of the application of regulatory law, rule or regulation or interpretation thereof by the relevant governmental body or agency, or change in such application or interpretation thereof by such governmental body or agency, payments on the Purchased Loan Receivables might not in the future be adversely affected as a result of such application of regulatory law or that the Issuer might become subject to proceedings or action by the relevant governmental body or agency, which if determined adversely to the Issuer, may adversely affect its ability to make payments in respect of the Notes.

*EU Bank Recovery and Resolution Directive*

The EU Bank Recovery and Resolution Directive (2014/59/EU) (collectively with secondary and implementing EU rules, and national implementing legislation, the “**BRRD**”) equips national authorities in Member States (the “**Resolution Authorities**”) with tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms (collectively, “**relevant institutions**”). If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution’s failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of the Transaction Documents not otherwise subject to an exception, could be subject to the exercise of “bail-in” powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to “bail-in” the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD, the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Issuer and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

The European Commission adopted a set of draft regulatory technical standards in respect of the valuation of derivatives for the purposes of the BRRD on 23 May 2016. They were published in the Official Journal on 23 August 2016 and entered into force on 12 September 2016 and provide, among other things, that the relevant Resolution Authorities will have the power to terminate swap agreements (as part of the bail-in process) and to value the position thereunder. This will therefore limit any control the Issuer or the Trustee may have in respect of the valuation process, which may be detrimental to the Issuer and consequently, the Noteholders.

Resolution Authorities also have the right to amend certain agreements, under applicable laws, regulations and guidance (“**Stay Regulations**”), to ensure stays or overrides of certain termination rights. Such special resolution regimes (“**SRRs**”) vary from jurisdiction to jurisdiction, including differences in their respective implementation dates. In the UK, the Prudential Regulation Authority (“**PRA**”) has implemented rules (Appendix 1 to the PRA’s policy statement 25/15) which requires relevant institutions to ensure that the discretion of the PRA to temporarily suspend termination and security interests under the relevant SRR is respected by counterparties. Any applicable Stay Regulations may result in the Issuer not being able to immediately enforce liabilities owed by relevant institutions that are subject to “stays” under SRRs.

The resolution mechanisms under the BRRD correspond closely to those available to the Single Resolution Board (the “**SRB**”) and the European Commission under the single resolution mechanism provided for in the SRM Regulation. The SRM Regulation applies to participating Member States (including Member States outside the Eurozone that voluntarily participate through a close co-operation agreement). In such jurisdictions, the SRB will take on many of the functions that would otherwise be assigned to national Resolution Authorities by the BRRD. If a Member State outside the Eurozone (such as the UK) has chosen not to participate in the bank single supervisory mechanism, relevant institutions established in such Member State will not be subject to the SRM Regulation, but to the application of the BRRD by the Resolution Authorities. It is possible, on the specific facts of a case, that resolution plans and resolution decisions made by the SRB may differ from the resolution schemes that would have been applied by the Resolution Authorities. Therefore, the way in which a relevant institution is resolved and ultimately, the effect of any such resolution on the Issuer and the Noteholders may vary depending on the authority applying the resolution framework.

*Volcker Rule*

Section 619 of the Dodd-Frank Act (the “**Volcker Rule**”) prevents “banking entities” (a term which includes affiliates of a U.S. banking organisation as well as affiliates of a foreign banking organisation that has a branch or agency office in the U.S., regardless where such affiliates are located) from (i) engaging in proprietary trading in financial instruments, or (ii) acquiring or retaining any “ownership interest” in, or in “sponsoring”, a “covered fund,” subject to certain exemptions.

An “ownership interest” is defined widely and may arise through a holder’s exposure to the profits and losses of the “covered fund”, as well as through certain rights of the holder to participate in the selection or removal of an investment advisor, investment manager, or general partner, trustee, or member of the board of directors of the “covered fund”. A “covered fund” is defined widely, and includes any issuer which would be an investment company under the Investment Company Act of 1940 (the “**ICA**”) but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions found in the Volcker Rule’s implementing regulations.

See “*The Volcker Rule*” on the cover of this prospectus for information on the Issuer’s status under the Volcker Rule. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. None of the Issuer, the Arranger, the Joint Lead Managers or the Trustee makes any representation regarding (i) the status of the Issuer under the Volcker Rule or (ii) the ability of any purchaser to acquire or hold the Notes, now or at any time in the future.

## TAXATION

### Taxation – General

#### FATCA

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income, maturity, or other disposition of certain of its assets. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing regulations that require the Issuer to provide the name, address and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to the Revenue Commissioners, which would then provide this information to the IRS. The Issuer shall use reasonable best efforts to comply with the intergovernmental agreement and these regulations; however, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement or the Irish implementing regulations could be amended to require the Issuer to withhold on “passthru” payments to Noteholders that fail to provide certain information to the Issuer or are certain “foreign financial institutions” that do not comply with FATCA.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and to prevent the imposition of tax under FATCA on payments to or for the benefit of the Issuer, or if the Noteholder’s ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA, the Issuer is authorised to withhold amounts otherwise distributable to the Noteholder, to compel the Noteholder to sell its Notes, and, if the Noteholder does not sell its Notes within 10 Business Days after notice from the Issuer, to sell the Noteholder’s Notes on behalf of the Noteholder.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

#### *Evolution of international fiscal and taxation policy and Action Plan on Base Erosion and Profit Shifting*

At a meeting in Paris on 29 May 2013, the Organisation for Economic Co-operation and Development (“**OECD**”) Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD’s Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner. In July 2013, the OECD launched an Action Plan on Base Erosion and Profit Shifting (“**BEPS**”), identifying fifteen specific actions to achieve this. Subsequently, the OECD published discussion papers and held public consultations in relation to those actions, also publishing interim reports, analyses and sets of recommendations in September 2014 for seven of the actions. On 5 October 2015, the OECD published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan, which G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the “Final Report”). The Final Report was endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey.

The focus of one of the actions (Action 6) is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. The Final Report recommends, as a minimum, that countries should include in their tax treaties: (i) an express statement that the common intention of each contracting state which is party to such treaties is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance; and one, or both, of (ii) a “limitation-on-benefits” (“**LOB**”) rule; and (iii) a “principal purposes test” (“**PPT**”) rule.

The PPT rule could deny a treaty benefit (such as a reduced rate of withholding tax) if it is reasonable to conclude, having regard to all facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty.

On 24 November 2016, the OECD published the text and explanatory statement of the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting”, developed by an ad hoc group of 99 countries which included Ireland and the UK (the “**Multilateral Instrument**”). The Multilateral Instrument is to be applied alongside existing tax treaties (rather than amending them directly), modifying the application of those existing treaties in order to implement BEPS measures.

The United Kingdom and Ireland signed the Multilateral Instrument with both countries indicating that the double tax treaty entered into between the United Kingdom and Ireland is to be designated as a Covered Tax Agreement (“CTA”), being a tax treaty that is to be modified by the Multilateral Instrument. The United Kingdom deposited its instrument of ratification with the OECD on 29 June 2018 and therefore the Multilateral Instrument came into force in respect of the United Kingdom on 1 October 2018. Ireland deposited its instrument of ratification with the OECD on 29 January 2019 and therefore the Multilateral Instrument came into force in respect of Ireland on 1 May 2019.

Upon ratifying the multilateral convention the United Kingdom and Ireland each deposited a non-provisional list of reservations and notifications to be made pursuant to it. Based on the information contained in these documents and the multilateral convention Action 6 would be implemented into the double tax treaties Ireland has entered into with the United Kingdom and other jurisdictions by the inclusion of a principal purpose test (“PPT”).

A change in the application or interpretation of these double tax treaties (as a result of the adoption of the recommendations of the Final Report by way of the Multilateral Instrument or otherwise) might result in the Issuer being treated as having a taxable permanent establishment outside of Ireland, in denying the Issuer the benefit of Ireland’s network of double tax treaties or in other tax consequences for the Issuer. In each case, this could have a material adverse effect on the Issuer’s business, tax and financial position.

It is also possible that Ireland will negotiate other bespoke amendments to its double tax treaties on a bilateral basis in the future which may affect the ability of the Issuer to obtain the benefits of those treaties.

Investors should note that other action points which form part of the OECD BEPS project (such as Action 4, which can deny deductions for financing costs (see “EU Anti-Tax Avoidance Directive and EU Anti-Tax Avoidance Directive 2”)) may be implemented in a manner which affects the tax position of the Issuer.

#### *Diverted Profits Tax*

The Finance Act 2015 introduced a new tax in the United Kingdom known as the “diverted profits tax” and generally charged at 25 per cent. of any “taxable diverted profits” (though the rate of diverted profits tax applicable differs in certain sectors). The tax has effect from 1 April 2015 and may apply in circumstances including where arrangements are designed to ensure that a non-UK resident company does not carry on a trade in the United Kingdom through a permanent establishment, the non-resident company supplies goods, services or other property in the course of that non-resident company’s trade and it is reasonable to assume that arrangements are in place the main purpose or one of the main purposes of which is to avoid United Kingdom corporation tax.

The basis upon which HM Revenue & Customs will apply the diverted profits tax in practice remains uncertain although it should be noted that there is a general exemption where the activities of the non-UK resident company in the United Kingdom are carried out by an agent of independent status which is not connected to such non-UK resident company.

#### *Financial Transaction Tax*

In February 2013 the European Commission published a proposal for a Council Directive implementing enhanced cooperation for a financial transaction tax (“FTT”) requested by Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the “Participating Member States”). However, on 16 March 2016, Estonia completed the formalities required to cease participation in the enhanced cooperation on FTT.

Under the Commission proposal, the proposed FTT 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, or the financial instrument in which the parties are dealing is issued in a Participating Member State. The FTT will apply to both parties where one of these circumstances applies. The FTT may also apply to dealings in the Charged Property to the extent the Charged Property constitutes financial instruments within its scope, such as bonds. In such circumstances, it is not possible to predict with certainty what effect the proposal FTT might have on the business of the Issuer, there will be no gross-up by any party to the Transaction and amounts due to Noteholders may be adversely affected.

Certain aspects of the Commission proposal are controversial and while the Commission Proposal initially identified the date of introduction of the FTT across the Participating Member States as being 1 January 2014, this anticipated introduction date has been extended on several occasions due to disagreement among the Participating Member States regarding a number of key issues concerning the scope and application of the FTT.

On 10 October 2016, following a meeting of the Finance Ministers of the ten remaining Participating Member States, it was reported that an agreement in principle had been reached on certain key aspects of the FTT and that the EU Commission had consequently been asked to prepare draft FTT legislation on the basis of that agreement. However, the details of the FTT remain to be agreed. A written answer given by Pierre Moscovici in the European Parliament, speaking on behalf of the Commission on 28 April 2017, confirmed that negotiations between Participating Member States on the Commission's proposal are continuing with a number of key areas still open for discussion, although the Commission's intention was to assist Participating Member States reaching a compromise agreement during the course of 2017. Accordingly, the date of implementation of the FTT remains uncertain.

Additional Member States may also decide to participate in the FTT. Prospective holders of the Notes are advised to seek their own professional advice in relation to any FTT and its potential impact on their dealings in the Notes before investing.

#### *EU Anti-Tax Avoidance Directive and EU Anti-Tax Avoidance Directive 2*

As part of its anti-tax avoidance package the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (the “**Anti-Tax Avoidance Directive**”). Broadly, the Anti-Tax Avoidance Directive was due to be implemented by each Member State by 2019, subject to derogations for Member States which have equivalent measures in their domestic law. Amongst the measures contained in the Anti-Tax Avoidance Directive is an interest deductibility limitation rule similar to the recommendation contained in the BEPS Action 4 proposals. The Anti-Tax Avoidance Directive provides that interest costs in excess of the sum of (a) EUR 3,000,000 and (b) 30 per cent. of an entity's earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward. However, the restriction on interest deductibility would only be in respect of the amount by which the borrowing costs exceed “interest revenues and other equivalent taxable revenues from financial assets”. Accordingly, as the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under the Purchased Loan Receivables (that is such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if the Anti-Tax Avoidance Directive were implemented as originally published. There is also a carve-out in the Anti-Tax Avoidance Directive for financial undertakings, although as currently drafted the Issuer would not be treated as a financial undertaking. The European Commission is also pursuing other initiatives, such as the introduction of a common corporate tax base, the impact of which, if implemented, is uncertain. Ireland has confirmed it will introduce an Anti-Tax Avoidance Directive compliant interest limitation rule, the timing of which will be determined following further engagement with the European Commission, but could be as early as January 2021. On 21 February 2017, the Economic and Financial Affairs Council of the European Union agreed an amendment to the Anti-Tax Avoidance Directive to provide for minimum standards for counteracting hybrid mismatches involving EU Member States and third countries (“**Anti-Tax Avoidance Directive 2**”). Anti-Tax Avoidance Directive 2 requires EU Member States to either delay deduction of payments, expenses or losses or include payments as taxable income, in case of hybrid mismatches. Anti-Tax Avoidance Directive 2 needs to be implemented in the EU Member States' national laws and regulations by 31 December 2019 and will have to apply as of 1 January 2020, except for the provision on reverse hybrid mismatches for which implementation can be postponed to 31 December 2021, and will apply as of 1 January 2022.

#### **Taxation – Ireland**

**The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.**

#### **Withholding Tax**

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the “**1997 Act**”) for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include Euronext Dublin) (“**quoted Eurobonds**”).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland;

and either:

- (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (*e.g.* Euroclear, Clearstream Banking SA and Clearstream Banking AG), or
- (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in a recognised clearing system such as Euroclear, Clearstream Banking SA or Clearstream Banking AG (or, if not so held, payments on the Notes are made through a paying agent not in Ireland), interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a qualifying company within the meaning of Section 110 of the 1997 Act (a “**Qualifying Company**”) and provided the interest is paid to a person resident in either (i) a member state of the European Union (other than Ireland) or (ii) a country with which Ireland has signed a comprehensive double taxation agreement (such a country mentioned in either (i) or (ii) being a “**Relevant Territory**”). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain limited circumstances a payment of interest by the Issuer which is considered dependent on the results of the Issuer’s business or which represents more than a reasonable commercial return can be re-characterised as a distribution subject to dividend withholding tax.

A payment of profit dependent or excessive interest on the Notes will not be re-characterised as a distribution to which dividend withholding tax could apply where, broadly, the Noteholder is either

- (a) an Irish tax resident person;
- (b) a person who in respect of the interest, is subject under the laws of a Relevant Territory to tax which generally applies to profits, income or gains received from sources outside that territory, without any reduction computed by reference to the amount of the interest payment;
- (c) for so long as the Notes remain quoted Eurobonds, neither a person which is a company which directly or indirectly controls the Issuer or which is controlled by a third company which directly or indirectly controls the Issuer nor is a person (including any connected person) (a) from whom the Issuer has acquired assets, (b) to whom the Issuer has made loans or advances, or (c) with whom the Issuer has entered into a return agreement (as defined in section 110(1) of the 1997 Act) where the aggregate value of such assets, loans, advances or agreements represents 75% or more of the assets of the Issuer (such a person falling within this category of person being a “**Specified Person**”); or
- (d) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

### **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder.

Encashment Tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

## Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax, PRSI and the universal social charge. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a Relevant Territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above and the recipient is not a resident of Ireland (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a Qualifying Company, or (iii) if the Issuer has ceased to be a Qualifying Company, the recipient of the interest is a company and the jurisdiction concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

In addition, **provided that** the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a relevant territory or a stock exchange approved by the Irish Minister for Finance.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within any of the above exemptions may be liable to Irish income tax and the universal social charge on such interest.

## Capital Gains Tax

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

## Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland.

Bearer Notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

## Stamp Duty

Provided the Issuer remains a Qualifying Company no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes provided the money raised on the issue of the Notes is used in the course of the Issuer's business.

### Automatic exchange of information

Irish reporting financial institutions, which may include the Issuer have reporting obligations in respect of a Noteholder under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD’s Common Reporting Standard (see below).

### Information exchange and the implementation of FATCA in Ireland

The Issuer may be obliged to report certain information in respect of certain U.S. investors (Noteholders) in the Issuer to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

FATCA, may impose a 30 *per cent.* US withholding tax on certain ‘withholdable payments’ made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the IRS to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012 Ireland signed an Intergovernmental Agreement the (“**IGA**”) with the United States to Improve International Tax Compliance and to Implement FATCA. Under this agreement Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 as amended (which came into operation on 1 July 2014) (the “**Irish Regulations**”) implementing the information disclosure obligations Irish reporting financial institutions are required to report certain information with respect to U.S. account holders to the Irish Revenue Commissioners. The Irish Revenue Commissioners will automatically provide that information annually to the IRS. To the extent the Issuer is an Irish reporting financial institution it will need to obtain the necessary information from Noteholders required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information may be sought from each Noteholder and beneficial owner of the Notes. It should be noted that the Irish Regulations require the collection of information and filing of returns with the Irish Revenue Commissioners regardless as to whether the Issuer holds any U.S. assets or has any U.S. investors. Noteholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

### Common Reporting Standard (CRS)

The CRS framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the “**Standard**”) was published, involving the use of two main elements, the Competent Authority Agreement (the “**CAA**”) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (“**FIs**”) relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, which was entered into by Ireland in its capacity as a signatory to the Convention on Mutual Administrative Assistance in Tax Matters and which relates to the automatic exchange of financial account information in respect of CRS, while sections 891F and 891G of the 1997 Act and regulations made thereunder contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the “**CRS Regulations**”), gave effect to the CRS from 1 January 2016.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“**DAC II**”) implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis commencing in 2017 in respect



of the 2016 calendar year. The Irish Finance Act 2015 contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the “**Regulations**”), gave effect to DAC II from 1 January 2016.

**Under the Regulations, reporting financial institutions are required to collect certain information on accountholders and on certain Controlling Persons (as defined in the Regulations) in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information webpage on [www.revenue.ie](http://www.revenue.ie).**

## **ERISA CONSIDERATIONS APPLICABLE TO ALL INVESTORS WHETHER OR NOT THEY ARE BENEFIT PLANS**

### **ERISA Considerations Relating to Investments in Notes by Investors That are Benefit Plans**

The following is a summary of certain considerations associated with the purchase and holding of Rated Notes (or any interest therein) by an employee benefit plan (as defined in Section 3(3) of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) that is subject to Title I of ERISA, any plan (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code or any entity deemed to hold plan assets of any of the foregoing by virtue of such employee benefit plan's or plan's investment in the entity (each, a “**Benefit Plan**”).

This discussion is based on current provisions of ERISA and the Code, existing and currently proposed regulations under ERISA and the Code, the legislative history of ERISA and the Code, existing administrative rulings of the United States Department of Labor (the “**DOL**”) and reported judicial decisions. No assurance can be given that legislative, judicial, or administrative changes will not affect the accuracy of any statements herein with respect to transactions entered into or contemplated prior to the effective date of such changes. This discussion does not purport to deal with all aspects of ERISA or the Code or, to the extent not preempted, any state laws that may be relevant to Plans.

Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan from engaging in certain transactions with persons that are "parties-in-interest" under ERISA or "disqualified persons" under the Code with respect to the Benefit Plan unless an exemption is available. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA or the Code for such person or fiduciary of the Benefit Plan. In addition, a fiduciary of a Benefit Plan subject to Title I of ERISA is subject to certain standards for investing plan assets, including that investments are prudent, diversified and made in accordance with the governing plan documents. Any fiduciary of a Benefit Plan subject to Title I of ERISA that proposes to cause such Benefit Plan to purchase Rated Notes should determine whether, under the general fiduciary standards of ERISA, an investment in such Notes is appropriate for such Benefit Plan. In determining whether a particular investment is appropriate for a plan, DOL regulations provide that the fiduciaries of such a plan must give appropriate consideration to, among other things, the role that the investment plays in the plan's portfolio, taking into consideration whether the investment is designed reasonably to further the plan's purposes, an examination of the risk and return factors, the portfolio's composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the plan and the projected return of the total portfolio relative to the plan's funding objectives. Before investing the assets of such plan in any investment vehicle, a fiduciary should determine whether such an investment is consistent with the foregoing regulations and its fiduciary responsibilities, including any specific restrictions to which such fiduciary may be subject.

Employee benefit plans that are governmental, non-U.S. or church plans (as defined under ERISA) generally are not subject to the requirements of Title I of ERISA or Section 4975 of the Code; *provided, however*, such plans may be subject to federal, state, local or other laws which are substantially similar to the foregoing provisions of ERISA or the Code (“**Similar Law**”) that affect their ability to acquire and hold Rated Notes.

Certain transactions involving the Issuer might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Benefit Plan that purchased (or whose assets were used to purchase) Rated Notes if assets of the Issuer were deemed to be assets of the Benefit Plan. Under a regulation issued by the DOL, as modified by Section 3(42) of ERISA (the “**Plan Assets Regulations**”), the assets of the Issuer would be treated as "plan assets" of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquired an “equity interest” in the Issuer and none of the exceptions contained in the regulation were applicable. The term “equity interest” is defined in the Plan Assets Regulations as any interest in an entity other than an instrument that is treated as indebtedness under "applicable local law" and which has no “substantial equity features”. Although there is little guidance on the subject, assuming that the Rated Notes may be treated as “debt” for purposes of applicable local law, it is expected that, at the time of their issuance, the Rated Notes should not be treated as equity interests of the Issuer for purposes of the Plan Assets Regulations. This determination is based on the traditional debt features of such Notes, including the reasonable expectation by purchasers of such Notes that they will be repaid when due, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Rated Notes for purposes of the Plan Assets Regulations could change if the Issuer incurs losses. Based upon the foregoing and other considerations, subject to the considerations described below, the Rated Notes may be purchased by, on behalf of, or with assets of, a Benefit Plan. The treatment the Unrated Notes for purposes of the Plan Assets Regulations is less clear. Accordingly, the Unrated Notes may not be purchased or held by or on behalf of or with assets of a Benefit Plan (other than Glencar XI and its affiliates).

Without regard to whether any of the Rated Notes constitute “equity interests” for purposes of the Plan Assets Regulations, the acquisition or holding of any Rated Notes by, or on behalf of, a Benefit Plan could trigger a prohibited transaction if the Issuer, Glencar XI, Waterfall, Funding Circle, the Arranger, the Joint Lead Managers or other parties performing services for or receiving compensation from the Issuer, such as the Principal Paying Agent, the Cash Manager and Calculation Agent, the Registrar, FCTL, the Reporting Agent or the Trustee (collectively, the “**ERISA Transaction Parties**”) or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan. Certain exemptions from these prohibited transaction rules may be available, including: Prohibited Transaction Class Exemption (“**PTCE**”) 84-14 (relating to transactions effected by a “qualified professional asset manager”); PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts); PTCE 91-38 (relating to transactions involving bank collective investment funds); PTCE 95-60 (relating to transactions involving insurance company general accounts); and PTCE 96-23 (relating to transactions effected by an “in-house asset manager”) (each, an “**Investor-Based Class Exemption**”). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) provide a statutory exemption for prohibited transactions between a Benefit Plan and a person that is a party in interest or a disqualified person (other than a fiduciary or an affiliate of a fiduciary that has or exercises discretionary authority or control or renders investment advice with respect to the assets involved in the transaction) solely by reason of providing services to the Benefit Plan; provided there is adequate consideration for the transaction (the “**Statutory Exemption**”). Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided may or may not cover all acts that could be construed as prohibited transactions. There can be no assurance that these exemptions, or any other exemption, will be available with respect to any particular transaction involving Rated Notes and prospective purchasers that are, or are acting on behalf of, or using assets of, Benefit Plans should consult with their advisors regarding the applicability of any such exemption.

By acquiring a Rated Note or any interest therein, each purchaser or transferee of a Rated Note or any interest therein will be deemed to represent and warrant that, for so long as it holds such Note or any interest therein, either (i) it is not, and is not acting on behalf of, or using assets of, a Benefit Plan or a governmental, non-U.S. or church plan that is subject to Similar Law or (ii) its acquisition, transfer and holding of such Note or any interest therein will not constitute or otherwise result in a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code because its acquisition, transfer and holding of such Note or any interest therein qualifies for relief under one of the Investor-Based Class Exemptions or the Statutory Exemption or, in the case of a governmental, non-U.S. or church plan subject to Similar Law, the acquisition, transfer and holding of such Note or any interest therein will not result in a non-exempt violation of such Similar Law.

In addition, each purchaser or holder of a Rated Note or any interest therein that is a Benefit Plan will be deemed to have represented and warranted that (1) none of the ERISA Transaction Parties will be making an investment recommendation or providing investment advice on which the Benefit Plan or the fiduciary or other person with investment responsibilities over the assets of the Benefit Plan (the “**Plan Fiduciary**”) considering an investment in a Rated Note or any interest therein will rely in connection with the decision to acquire such Rated Note or interest therein, and none of the ERISA Transaction Parties is acting as a fiduciary (within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code) to such Benefit Plan in connection with the Benefit Plan’s acquisition of the Rated Note or interest therein (unless an applicable prohibited transaction exemption is available to cover the purchase or holding of such Rated Note or interest therein, or the transaction is not otherwise prohibited), and (2) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Rated Note or beneficial interest therein.

An Unrated Note may not be acquired or held by a Benefit Plan, a governmental, non-U.S. or church plan that is subject to Similar Law or any Person acting on behalf of or using assets of, a Benefit Plan or a governmental, non-U.S. or church plan that is subject to Similar Law (other than Glencar XI and its affiliates). Any investor acquiring such an Unrated Note or any interest therein (other than Glencar XI or its affiliates) will be required to represent and warrant that for so long as it holds such Unrated Note or interest therein it is not, and is not acting on behalf of, or using assets of, a Benefit Plan or a governmental, non-U.S. or church plan that is subject to Similar Law.

Due to the complexity of the applicable rules described above, it is important that potential plan purchasers consult with their legal advisors regarding the impact of ERISA, the Code or other applicable law, the application of the Plan Assets Regulations, the applicability of any Investor-Based Class Exemption or the Statutory Exemption and the potential consequences in their specific circumstances, before their acquisition and ownership of any of the Rated Notes.

The sale or transfer of any Note or interest therein to a plan or a person acting on behalf of, or using assets of, a plan is in no way a representation by any Transaction Party that the acquisition and holding of such Note or any interest therein meets all the legal requirements for investments and acquisitions by plans generally or any particular plan or that the investment or acquisition is appropriate for plans generally or any particular plan.

### **ERISA Considerations Relating to Investments in Notes by Investors That Are Not Benefit Plans**

Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan from engaging in certain transactions with persons that are Parties in Interest with respect to such Benefit Plan. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents.

Certain transactions involving the Issuer might be deemed to constitute prohibited transactions under ERISA and the Code if the assets of the Issuer were deemed to be the "plan assets" of any Benefit Plan invested in any Notes, whether or not such Notes are offered hereunder. Under the Plan Assets Regulation, the assets of an entity such as the Issuer are treated as the "plan assets" of a Benefit Plan if equity participation in the entity is "significant" and none of the other exceptions under the Plan Assets Regulation applies. For purposes of the Plan Assets Regulation, Benefit Plan participation is significant if 25% or more of the value of any class of equity interest in the entity is held by Benefit Plans. For purposes of making the 25% determination, the value of any equity interests held by a person (other than a Benefit Plan) that has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person (each such person, a "**Controlling Person**"), shall be disregarded. Under the Plan Assets Regulation, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person, other than an individual, means the power to exercise a controlling influence over the management or policies of such person.

### **ERISA "Plan Asset" Status of the Issuer**

Glencar XI will hold at least 2.45% of each class of the Unrated Notes (i.e. the Class E Notes, Class X Notes and Class Z Notes). Glencar XI and certain other entities which are affiliates of Glencar XI or with respect to which Waterfall could be considered an ERISA fiduciary or a Controlling Person (the "**Glencar ERISA Affiliates**") may hold on the Closing Date and possibly in the future 97.55% of the Class E Notes, Class X Notes and Class Z Notes. The Issuer believes that the Class E Notes, Class X Notes and Class Z Notes may be considered under the Plan Assets Regulation as equity or as debt having substantial equity features. The Issuer expects that, on the Closing Date and during certain periods following the Closing Date, Waterfall Victoria Master Fund Ltd., and Glencar XI will be considered Benefit Plans under the Plan Assets Regulation. Similarly, the Issuer expects that, on the Closing Date and during certain periods following the Closing Date, the Glencar ERISA Affiliates will be considered Benefit Plans under the Plan Assets Regulation. As a result of the ownership of the Unrated Notes by Glencar XI and/or the Glencar ERISA Affiliates, the assets of the Issuer may, during certain periods following the Closing Date, be considered the "plan assets" of those Benefit Plans which are in turn invested in Waterfall Victoria Master Fund Ltd. (and indirectly in Glencar XI and/or the Glencar ERISA Affiliates) (the "**ERISA Plan Investors**"). The Issuer does not intend to permit any Benefit Plan, other than Waterfall Victoria Master Fund Ltd., Glencar XI or any Glencar ERISA Affiliate (or any Benefit Plan that is directly or indirectly invested in Waterfall Victoria Master Fund Ltd., and, thus, Glencar XI or a Glencar ERISA Affiliate), to acquire any Unrated Notes. The Retention Note Subscription Agreement will provide that the initial holder of the Unrated Notes on the Closing Date may not transfer any Unrated Notes to a Benefit Plan or any party acting on behalf of or using any assets of a Benefit Plan (other than Glencar XI or the Glencar ERISA Affiliates), and each transferee of the Unrated Notes after the Closing Date (other than Glencar XI and the Glencar ERISA Affiliates) will be required (or deemed, as applicable) to represent that it is not a Benefit Plan. Waterfall will be considered an ERISA fiduciary with respect to any assets of the Issuer that are considered "plan assets" of those Benefit Plans which are invested in Waterfall Victoria Master Fund Ltd.

A sale of property, the provision of services or an extension of credit between a Benefit Plan and a Party in Interest to such Benefit Plan are included as transactions that are generally “prohibited transactions” under ERISA and Section 4975 of the Code. Accordingly, another consequence of the assets of the Issuer, from time to time, being deemed to be “plan assets” for purposes of the Plan Assets Regulation is that the prohibited transaction provisions of ERISA and Section 4975 of the Code are expected to apply to transactions between the Issuer and any acquirer of a Rated Note that is not a Benefit Plan if such holder is a Party in Interest with respect to a Benefit Plan directly or indirectly invested in the Issuer, as such acquirer of a Rated Note would be deemed to have indirectly entered in to a sale or exchange of property with, and an extension of credit to, such Benefit Plan investor. In addition, if the assets of the Issuer are deemed to be “plan assets” with respect to a Benefit Plan investor in Waterfall Victoria Master Fund Ltd., a prohibited transaction may arise from the acquisition and holding of a Loan for which the obligor, or the disposition of a Loan to a person that, is in either case a Party in Interest with respect to such Benefit Plan. In the case of indebtedness, the prohibited transaction provisions apply throughout the term of such indebtedness (and not only on the date of the initial borrowing). As described below, certain exemptions from the prohibited transaction rules of ERISA and the Code may be applicable to transactions involving the assets of the Issuer during any such period it is deemed to hold “plan assets”.

Waterfall, in rendering its services to and engaging in transactions for Waterfall Victoria Master Fund, Ltd., is expected at all relevant times to qualify as a “qualified professional asset manager” (a “**QPAM**”) within the meaning of Part VI(a) of United States Department of Labor PTCE 84-14 (as amended, the “**QPAM Exemption**”). The QPAM Exemption generally exempts transactions involving Parties in Interest that would otherwise be “prohibited transactions,” provided that (i) the Party in Interest is not “related” to the QPAM as described below (a “**QPAM Related Party in Interest**”) and (ii) the Party in Interest does not have any authority or control over the appointment or termination of the QPAM (or authority to negotiate with the QPAM with respect to the terms relating to such appointment) on behalf of any Benefit Plan whose assets are invested in Waterfall Victoria Master Fund Ltd. (and indirectly in Glencar XI or the Glencar ERISA Affiliates), when combined with the assets of other employee benefit plans established or maintained by the same employer (or certain “affiliates” thereof) or by the same employee organization, and invested in Waterfall Victoria Master Fund Ltd. (and indirectly in Glencar XI or the Glencar ERISA Affiliates), represent ten percent (10%) or more of the assets of Waterfall Victoria Master Fund Ltd. (a “**10% Plan**” and such Party in Interest and its affiliates within the meaning of the QPAM Exemption, an “**Excluded Party in Interest**”). In the case where the fiduciaries of a Benefit Plan whose assets are invested in Waterfall Victoria Master Fund Ltd. are comprised of individuals constituting the members of a Board of Trustees, or similar entity, a Party in Interest would be deemed an Excluded Party in Interest if any of such individuals were to be officers or directors of the Party in Interest or the Party in Interest itself. Notwithstanding the foregoing, the QPAM Exemption will generally provide relief for transactions of the Issuer with a Party in Interest with respect to such a Benefit Plan if (x) two or more unrelated Benefit Plans have an interest in Waterfall Victoria Master Fund Ltd., (y) the assets of the Benefit Plan invested in Waterfall Victoria Master Fund Ltd., when combined with the assets of other employee benefit plans established or maintained by the same employer (or certain “affiliates” thereof) or by the same employee organization, and invested in Waterfall Victoria Master Fund Ltd., represent less than ten percent (10%) of the assets of the Waterfall Victoria Master Fund Ltd., and (z) the other requirements of the QPAM Exemption are satisfied, including that the Party in Interest is not a QPAM Related Party in Interest.

As stated above, the QPAM Exemption does not provide relief for transactions involving the QPAM itself, such as Waterfall, or QPAM Related Parties in Interest referred to above, which are those parties that are “related” to the QPAM (as determined under the QPAM Exemption). A Party in Interest is “related” to the QPAM if (i) the QPAM owns a ten percent (10%) or more interest in such person; (ii) such person owns a ten percent (10%) or more interest in the QPAM; (iii) a person controlling, or controlled by, the QPAM owns a twenty percent (20%) or more interest in such person or (iv) a person controlling, or controlled by, the Party in Interest owns a twenty percent (20%) or more interest in the QPAM. A Party in Interest is also “related” to the QPAM if (x) a person controlling, or controlled by, the Party in Interest has an ownership interest in the QPAM that is less than twenty percent (20%) but greater than ten percent (10%), and such person exercises control over the management or policies of the QPAM by reason of such ownership interest or (ii) a person controlling, or controlled by, the QPAM has an ownership interest that is less than twenty percent (20%) but greater than ten percent (10%) in the Party in Interest and such person exercises control over the management or policies of the Party in Interest by reason of such ownership interest.

Another exemption that may be applicable to transactions involving the Issuer is the statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (the “**Service Provider Exemption**”). The Service Provider Exemption applies to transactions involving the assets of a Benefit Plan and persons who are Parties in Interest solely by reason of providing services to such Benefit Plan (or being affiliated with such a service provider) where such Party in Interest is not acting as a fiduciary to the Benefit Plan in connection with

the transaction. In order to be exempt under the Service Provider Exemption, the Benefit Plan must pay no more than (and receive no less than) adequate consideration in the transaction in question. For example, the acquisition of an interest in a Note by a Party in Interest to a Benefit Plan invested in Waterfall Victoria Master Fund Ltd. may be exempt from the prohibited transaction rules if the Party in Interest is a service provider to such Benefit Plan (and not a fiduciary with respect to the “plan assets” deemed held by the Issuer) and if the other conditions of the Service Provider Exemption are satisfied.

Each potential initial investor that is not a Benefit Plan (each a “**Non-Benefit Plan**”) acquiring a Note will be provided information identifying: (i) if applicable, the persons “related” to Waterfall as a QPAM (as determined under the QPAM Exemption) and (ii) the identity of any 10% Plans that are then invested in Waterfall Victoria Master Fund Ltd. and sufficient information for such Non-Benefit Plan to ascertain the identity of the fiduciaries of such 10% Plans (if any). **In reliance on the accuracy of such information, and without any duty of further inquiry or diligence, each potential initial Non-Benefit Plan that is acquiring a Note will be required to represent or will be deemed to represent to the Issuer that it is not a QPAM Related Party in Interest and it is not an Excluded Party in Interest. No Non-Benefit Plan that is a QPAM Related Party in Interest or an Excluded Party in Interest will be permitted to acquire Notes and any acquisition of such Notes in violation of such representations and procedures will render the acquisition of the Notes by such acquirer void *ab initio*. Waterfall will maintain a list, as constituted from time to time, of QPAM Related Parties Interest and Excluded Parties in Interest to the Benefit Plan investors in Waterfall Victoria Master Fund Ltd. and provide such list to the Issuer upon request to the General Counsel and Chief Operating Officer, Waterfall Asset Management, LLC at 1251 Avenue of the Americas, 50th Floor, New York, New York 10020; or by telephone at (212) 257-4600. Notwithstanding any such representations and procedures, if it is determined that any transaction of the Issuer constitutes a non-exempt “prohibited transaction”, such transaction may have to be rescinded which could, depending on the circumstances, result in a loss to the Issuer and all Noteholders.**

Subject to the exceptions noted above for transactions with Excluded Parties in Interest or QPAM Related Parties in Interest, the Issuer believes, in light of Waterfall’s expectation to qualify as a QPAM, that the QPAM Exemption may be available for investments (on the Closing Date and in the secondary market) in the Notes, by Non-Benefit Plans such that an investment in the Notes by a Party in Interest to any Benefit Plan invested in Waterfall Victoria Master Fund Ltd. should not be considered a sale or exchange of property or a prohibited extension of credit between such Party in Interest and any such Benefit Plan (and indirectly in the Sponsor or the Depositor). The Issuer also believes that the Service Provider Exemption may be available with respect to investments in the Notes by non-fiduciary service provider Parties in Interest to Benefit Plans invested in Waterfall Victoria Master Fund Ltd. (and indirectly in Glencar XI or the Glencar ERISA Affiliates), whether acquired on the Closing Date or in the secondary market. However, it is not entirely clear how the QPAM Exemption should apply with respect to secondary market transactions in the Notes. Each Non-Benefit Plan purchaser or transferee of an interest in the Notes should make its own determination with respect to potential prohibited transactions under ERISA and the Code and the applicability of the QPAM Exemption or the Service Provider Exemption (or another exemption) to its investment in the Notes.

Investment in the Notes by Parties in Interest to any Benefit Plan invested in Waterfall Victoria Master Fund Ltd. could give rise to a “prohibited transaction” unless an exemption were applicable thereto. The QPAM Exemption may be available to investors other than the Excluded Parties in Interest and QPAM Related Parties in Interest and/or the Service Provider Exemption may be available to non-fiduciary “service provider” Parties in Interest, although there can be no assurance in either regard. In the event that a prohibited transaction were considered to occur by reason of a Party in Interest’s investment in Notes, and if no prohibited transaction exemption were applicable, then such investor (i) could be subject to excise taxes or other penalties and (ii) could be required to dispose of its interest in the Notes when it would otherwise not wish to do so.

**EACH BENEFIT PLAN AND GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW SHOULD CONSULT WITH ITS FIDUCIARIES AND LEGAL ADVISORS CONCERNING THE POTENTIAL CONSEQUENCES OF THE ACQUISITION AND HOLDING OF THE NOTES (OR ANY INTEREST THEREIN) UNDER ERISA, THE CODE AND/OR SIMILAR LAW.**

## SUBSCRIPTION AND SALE

The Arranger and the Joint Lead Managers have, pursuant to the Subscription Agreement, agreed with the Issuer (subject to certain conditions) to procure subscriptions and payments for or subscribe and pay for a portion of each of the Class A Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class A Notes to be acquired, the Class B Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class B Notes to be acquired, the Class C Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class C Notes to be acquired and the Class D Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class D Notes to be acquired.

Each Retention Holder has, pursuant to the Retention Note Subscription Agreement, agreed with the Issuer (subject to certain conditions and on a several basis) to subscribe and pay for its Origination Percentage of the Minimum Retained Amount of each of the Classes of Notes in an issue price equal to 100 *per cent.* of the aggregate principal amount of the Notes being acquired. In addition, each Retention Holder has also agreed with the Issuer pursuant to the Retention Note Subscription Agreement (subject to certain conditions and on a several basis) to subscribe and pay for the remaining Class E Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class E Notes being acquired, the remaining Class X Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class X Notes being acquired and the remaining Class Z Notes at the issue price of 100 *per cent.* of the aggregate principal amount of the Class Z Notes being acquired (in percentages as agreed among themselves).

Each Retention Holder undertakes in favour of the Arranger and the Joint Lead Managers in the Subscription Agreement that, for so long as any Notes remain outstanding it will, as an “originator” for the purposes of Article 2(3) of the Securitisation Regulation, retain, on an ongoing basis, its Origination Percentage of the Minimum Retained Amount in accordance with the Securitisation Regulation as described in the section entitled “*Certain Regulatory Disclosures*” above. The obligations of the Retention Holders will not be joint and each Retention Holder will undertake severally with respect to the retention of its own Origination Percentage of the Minimum Retained Amount only and not to the retention of the other Retention Holder’s Origination Percentage of the Minimum Retained Amount.

Pursuant to the Subscription Agreement, the Issuer will provide a solvency certificate as of the Closing Date. The Issuer has agreed to indemnify the Retention Holders, the Arranger and the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Notes to the Official List and the admission to trading on Euronext Dublin’s regulated market (it being understood that such actions alone will not permit a public offering of the Notes to be made), no action has been taken by the Issuer, the Arranger, the Joint Lead Managers or the Retention Holders, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this document or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This document does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

### **United Kingdom**

Each of the Arranger, the Joint Lead Managers and the Retention Holders has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of 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 the Notes in, from or otherwise involving the United Kingdom.

### **United States**

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered outside the United States to persons other than U.S. persons (as defined in and pursuant to Regulation S).

**Except with the prior written consent of the Retention Holders in the form of a U.S. Risk Retention Waiver, the Notes may not be purchased by, or for the account or benefit of, any U.S. person as defined under the U.S. Risk Retention Rules (“Risk Retention U.S. Persons”). Prospective investors should note that the definition of “U.S. person” in the U.S. Risk Retention Rules is different from the definition of U.S. person in Regulation S.**

Each of the Arranger and the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering of the Notes and the closing date within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account of, U.S. persons (as defined in Regulation S).

The Retention Holders have agreed that, except as permitted by the Retention Note Subscription Agreement, they will not offer or sell Notes purchased by them until 40 days after the later of the commencement of the offering of the Notes and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) or Risk Retention U.S. Persons.

#### **Ireland**

Each of the Arranger, the Joint Lead Managers and the Retention Holders has represented and agreed that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (a) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and any applicable supporting law, rule or regulation and any Central Bank of Ireland (the “**Central Bank**”) rules issued and / or in force pursuant to Section 1363 of the Companies Act;
- (b) the Companies Act;
- (c) the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375/2017) (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, and any enactment, imposed or approved by the Central Bank with respect to anything done by it in relation to the Notes, including, without limitation, Parts 6, 7, and 12 thereof and the provisions of the Investor Compensation Act 1998;
- (d) Market Abuse Regulation (EU 596/2014), the Market Abuse Directive on Criminal Sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules issued by the Central Bank pursuant thereto or Section 1370 of the Companies Act and will assist the Issuer in complying with its obligations thereunder;
- (e) Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs); and
- (f) the Irish Central Bank Acts 1942 – 2018 (as amended) and any codes of conduct, practices and rules made under Section 117(1) of the Central Bank Act 1989 (as amended) or any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 (as amended).

#### **European Economic Area**

Each of the Arranger, the Joint Lead Managers and the Retention Holders 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. 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 (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of directive (EU) 2016/97 (known as the Insurance Distribution Directive) as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation;
- (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 the Notes; and
- (c) the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129).

**General**

Each of the Arranger, the Joint Lead Managers and, solely in respect of the Notes held by such Retention Holders, each Retention Holder has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any Applicable Laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## **TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below. The Notes are being offered and sold only outside the United States to persons other than U.S. persons (as defined in Regulation S) or in transactions otherwise exempt from registration under the Securities Act and (ii) to Persons who are not Risk Retention U.S. Persons.

The Notes may not be reoffered, resold, pledged or otherwise transferred except in accordance with Regulation S or in transactions otherwise exempt from the registration requirements under the Securities Act, and in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

Any offers, sales or deliveries of the Notes in the United States or to U.S. persons (as defined in and pursuant to Regulation S) by an investor purchasing in an offshore transaction pursuant to Regulation S prior to the date that is 40 days after the later of (i) the commencement of the offering of the Notes and (ii) the Closing Date, may constitute a violation of United States law.

### **Investors' representations and restrictions on resale**

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any purchaser of beneficial interests in the Notes, including interests represented by a global note and book-entry interests) will be deemed to have represented and agreed as follows:

- (a) it is located outside the United States and is not a "U.S. Person" (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate and is acquiring such Notes for its own account or as a fiduciary or agent for other non-U.S. persons in an **offshore transaction** (as defined in Regulation S);
- (b) if it is acquiring such Notes as part of the initial distribution of the Notes, (1) either (i) it is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Waiver and (2) it is not acquiring such Note or a beneficial interest therein in contemplation of selling such Note or beneficial interest therein to a Risk Retention U.S. Person as part of a plan or scheme to evade the requirements of the U.S. Risk Retention Rules;
- (c) such Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and such Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from such registration requirements; and
- (d) it understands that the Issuer, the Registrar, the Arranger, the Joint Lead Managers and each of their respective Affiliates, and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements contained in this section "*Transfer Restrictions*".

### **Legend**

Unless determined otherwise by the Issuer in accordance with Applicable Law and so long as any of the Notes is outstanding, the Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN OR WILL BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY ACT UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A) TO A NON-U.S. PERSON IN

AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN £100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

EACH HOLDER OF A NOTE OR A BENEFICIAL INTEREST IN A NOTE ACQUIRED IN THE INITIAL DISTRIBUTION OF THE NOTES, BY ITS ACQUISITION OF THIS NOTE WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT (1) EITHER (I) IT IS NOT A RISK RETENTION U.S. PERSON OR (II) IT HAS OBTAINED A U.S. RISK RETENTION WAIVER, (2) IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING THIS NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION \_\_.20 OF THE U.S. RISK RETENTION RULES).

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG TO THE REGISTRAR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG (AND ANY PAYMENT HEREON IS MADE TO EUROCLEAR OR CLEARSTREAM, LUXEMBOURG OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

THE ISSUER HAS THE RIGHT TO COMPEL ANY HOLDER OF NOTES REPRESENTED BY THIS GLOBAL NOTE OR BENEFICIAL OWNER OF ANY INTEREST THEREIN THAT IS (1) A U.S. PERSON WITHIN THE MEANING OF REGULATION S OR (2) ON THE CLOSING DATE, A RISK RETENTION U.S. PERSON, IN EACH CASE TO SELL SUCH NOTES OR INTEREST THEREIN, OR MAY SELL SUCH NOTES OR INTEREST THEREIN ON BEHALF OF SUCH PERSON, AT THE LOWEST OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE NOTEHOLDER OR BENEFICIAL OWNER, AS THE CASE MAY BE, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF AND (Z) THE FAIR MARKET VALUE THEREOF. IN ADDITION, THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF NOTES OR ANY INTEREST THEREIN TO A PERSON WHO IS NOT AN ELIGIBLE TRANSFEREE.

TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE ISSUER.

NO TRANSFER OF A CLASS A, CLASS B, CLASS C OR CLASS D NOTE (EACH, A “**RATED NOTE**”) OR ANY INTEREST THEREIN WILL BE MADE TO ANY “EMPLOYEE BENEFIT PLAN” (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”)) THAT IS SUBJECT TO TITLE I OF ERISA, ANY “PLAN” (AS DEFINED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”)) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY THAT IS DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY VIRTUE OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (EACH, A “**BENEFIT PLAN**”), ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO ANY UNITED STATES FEDERAL, STATE, LOCAL OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FOREGOING PROVISIONS OF ERISA OR THE CODE (“**SIMILAR LAW**”) OR TO ANY PERSON PURCHASING OR HOLDING SUCH NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, ANY BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW, IF ANY SUCH TRANSFER WILL RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN, A NON-EXEMPT VIOLATION OF SIMILAR LAW. ACCORDINGLY, BY ACQUIRING A RATED NOTE OR INTEREST THEREIN, EACH PURCHASER OR TRANSFEREE OF A RATED NOTE WILL BE DEEMED TO REPRESENT AND WARRANT THAT, FOR SO LONG AS IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN, EITHER (I) IT IS NOT AND IS NOT ACTING ON BEHALF OF, OR USING ASSETS OF, A BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW OR (II) ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BECAUSE ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN QUALIFIES FOR RELIEF UNDER THE PROVISIONS OF PROHIBITED TRANSACTION CLASS EXEMPTION (“**PTCE**”) 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR THE STATUTORY EXEMPTION UNDER SECTION 408(B)(17) OF ERISA AND SECTION 4975(D)(20) OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW, ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN WILL NOT RESULT IN A NON-EXEMPT VIOLATION OF SIMILAR LAW.

EACH PURCHASER OR HOLDER OF A RATED NOTE OR ANY INTEREST THEREIN THAT IS A BENEFIT PLAN WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (1) NONE OF THE ISSUER, GLENCAR XI, WATERFALL, FUNDING CIRCLE, THE ARRANGER, THE PRINCIPAL PAYING AGENT, THE CASH MANAGER AND CALCULATION AGENT, THE REGISTRAR, FCTL, THE REPORTING AGENT OR THE TRUSTEE (THE “**ERISA TRANSACTION PARTIES**”) WILL BE MAKING AN INVESTMENT RECOMMENDATION OR PROVIDING INVESTMENT ADVICE ON WHICH BENEFIT PLAN OR THE FIDUCIARY OR OTHER PERSON WITH INVESTMENT RESPONSIBILITIES OVER THE ASSETS OF SUCH BENEFIT PLAN CONSIDERING AN INVESTMENT IN A RATED NOTE OR INTEREST THEREIN (THE “**PLAN FIDUCIARY**”) WILL RELY IN CONNECTION WITH THE DECISION TO ACQUIRE SUCH RATED NOTE OR INTEREST THEREIN, AND NONE OF THE ERISA TRANSACTION PARTIES IS ACTING AS A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE) TO SUCH BENEFIT PLAN IN CONNECTION WITH THE BENEFIT PLAN’S ACQUISITION OF THE RATED NOTE OR INTEREST THEREIN (UNLESS AN APPLICABLE PROHIBITED TRANSACTION EXEMPTION IS AVAILABLE TO COVER THE PURCHASE OR HOLDING OF SUCH RATED NOTE OR INTEREST THEREIN, OR THE TRANSACTION IS NOT OTHERWISE PROHIBITED), AND (2) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE INVESTMENT IN THE RATED NOTE OR INTEREST THEREIN.

NO TRANSFER OF A CLASS E NOTE, CLASS X NOTE OR CLASS Z NOTE (EACH, AN “UNRATED NOTE”) OR ANY INTEREST THEREIN WILL BE MADE TO ANY BENEFIT PLAN, ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN THAT IS SUBJECT TO ANY SIMILAR LAW OR ANY PERSON PURCHASING OR HOLDING SUCH UNRATED NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, ANY BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW (OTHER THAN GLENCAR XI OR ITS AFFILIATES). ACCORDINGLY, EACH PURCHASER OR TRANSFEREE OF AN UNRATED NOTE OR INTEREST THEREIN (OTHER THAN GLENCAR XI OR ITS AFFILIATES) WILL BE REQUIRED TO REPRESENT AND WARRANT THAT, FOR SO LONG AS IT HOLDS SUCH UNRATED NOTE OR INTEREST THEREIN, IT IS NOT AND IS NOT ACTING ON BEHALF OF, OR USING ASSETS OF, A BENEFIT PLAN OR ANY GOVERNMENTAL, NON-U.S. OR CHURCH PLAN SUBJECT TO SIMILAR LAW.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

**LISTING AND GENERAL INFORMATION**

It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on Euronext Dublin’s regulated market will be granted on or around 27 November 2019.

The Issuer’s LEI number is 635400MRZWGF1W2LRT02.

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 21 August 2019 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.

The auditors of the Issuer, Deloitte Ireland LLP, Chartered Accountants, are members of Institute of Chartered Accountants in Ireland (ICAI). The financial year end of the Issuer is 31 December. The first statutory financial statements of the Issuer will be prepared for the period ended 31 December 2020.

So long as the Notes are admitted to trading on Euronext Dublin’s regulated market, the most recently published audited annual accounts of the Issuer from time to time shall be filed with Euronext Dublin and shall be available at the registered office of the Issuer in London.

The Issuer does not publish interim accounts.

Since 21 August 2019 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.

Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on 14 November 2019.

The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Codes:

<b>Class of Notes</b>	<b>ISIN</b>	<b>Common Code</b>
Class A	XS2057896420	205789642
Class B	XS2057898392	205789839
Class C	XS2057898475	205789847
Class D	XS2057898806	205789880
Class E	XS2057898988	205789898
Class X	XS2057899366	205789936
Class Z	XS2057899283	205789928

From the date of this document and for so long as the Notes are listed on Euronext Dublin’s regulated market, physical copies of the following documents may be inspected at (i) the offices of the Issuer at 1-2 Victoria Buildings, Haddington Road, Dublin 4. Ireland and at the Specified Office of the Principal Paying Agent in London, upon reasonable request, during usual business hours, on any weekday (public holidays excepted); and (ii) on the website of EuroABS at <https://www.euroabs.com/IH.aspx?d=11833>:

- (a) the Constitution of the Issuer incorporating the Memorandum and Articles of Association of the Issuer and any applicable certificates of change of name; and;
- (b) copies of each of the Transaction Documents.

The contents of the website, <https://www.euroabs.com/IH.aspx?d=11833>, are for information purposes only and do not form part of this Prospectus. Notwithstanding that the Issuer has selected the same website in compliance with its obligations under Article 7(1) of the Securitisation Regulation and on and following the authorisation of a Securitisation Repository, it shall select a Securitisation Repository through which the Issuer wishes to fulfil its obligations under Article 7(1) of the Securitisation Regulation, the Issuer shall continue to maintain this website for the purposes of complying with its obligations under the Prospectus Regulation.

Upon reasonable request, the Principal Paying Agent will allow copies of such documents to be taken by Noteholders.

The Cash Manager and Calculation Agent on behalf of the Issuer will publish the Investor Report detailing, among other things, certain aggregated loan data in relation to the Loan Portfolio. Such Investor Reports will be made electronically available and sent to Bloomberg on or prior to each Note Payment Date. For the avoidance of doubt, this website and the contents thereof do not form part of this document. Investor Reports will also be made available to the Rating Agencies. For the avoidance of doubt, the posting of such information is not intended to satisfy the Issuer's obligations under the Securitisation Regulation and the website on which the Investor Reports are posted will not be the website that conforms to the requirements set out in Article 7(2) of the Securitisation Regulation.

The Issuer confirms that the Loan Portfolio backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this document and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.

With respect to the regulatory reporting obligations of the Issuer under the Securitisation Regulation, please see the information under the section entitled "*Transaction Documents – Reporting Agency Agreement*".

The total expenses to be paid in relation to admission of the Notes to the Official List and trading on Euronext Dublin's regulated market are estimated to be approximately €21,241.20.

## GLOSSARY

“**Account Bank Agreement**” means the account bank agreement between the Issuer Account Bank, the Issuer, the Cash Manager and Calculation Agent and the Trustee dated on or before the Closing Date.

“**Additional Interest**” has the meaning given to it in Condition 6(c) (*Deferral of Interest*).

“**Additional Termination Event**” has the meaning given to it in the Interest Rate Cap.

“**Administrative Expenses**” means all properly incurred costs, fees and expenses due and payable on each Note Payment Date (in the following order of priority and in accordance with the applicable Priority of Payments) by the Issuer pursuant to or as contemplated by the Transaction Documents other than the Intermediary Services Fee payable to Funding Circle while it is the Servicing and Collection Agent but including, without limitation:

- (a) *first*, on a *pro rata* and *pari passu* basis to the fees, costs and expenses and any other amount including without limitation, any indemnities under the Transaction Documents, of the Issuer Account Bank, the Cash Manager and Calculation Agent, the Principal Paying Agent or the Registrar;
- (b) *second*, on a *pro rata* and *pari passu* basis to the fees, costs and expenses and any other amount including without limitation, any indemnities under the Transaction Documents, of:
  - (i) any indemnities to an Agent or the Security Holders under the Transaction Documents;
  - (ii) the Back-Up Servicing and Collection Agent Fee;
  - (iii) the Corporate Services Fee;
  - (iv) any fees and expenses payable to the Custodian;
  - (v) any fees and expenses payable to Euronext Dublin, or such other stock exchange or exchanges upon which the Notes are listed from time to time;
  - (vi) the Intermediary Services Fee due to the Back-Up Servicing and Collection Agent following its appointment as Successor Servicing and Collection Agent;
  - (vii) any fees and expenses of the Share Trustees;
  - (viii) any fees and expenses of the Rating Agencies or any Clearing System;
  - (ix) any amounts due to Funding Circle and its Affiliates from the Issuer (excluding the Intermediary Services Fee);
  - (x) any legal, tax, audit, listing advisor or other professional fees or costs incurred by the Issuer to the extent not covered by the paragraphs above;
  - (xi) any other amounts due in connection with the continued maintenance of the Issuer’s corporate existence and ultimate solvent wind-up, liquidation or dissolution;
  - (xii) any fees, costs and expenses due to be reimbursed by the Issuer to the Reporting Agent and any other regulatory costs incurred by the Issuer in connection with CRA 3 or the Securitisation Regulation (including, without limitation, the costs and expenses due to any delegate of the Reporting Agent and payable by the Issuer and to any Reporting Medium); and
- (c) *third*, to any other fees, costs and expenses of the Issuer (including by way of indemnity) incurred without breach by the Issuer of the Transaction Documents including any annual filing fees, other fees incurred in connection with it maintaining its corporate existence, any legal, or other professional advisory fees or any amounts due and payable by the Issuer in respect of its liquidation and/or dissolution to the extent not provided for elsewhere to the satisfaction of the Issuer),



in each case, to the extent such amounts are not otherwise provided for (including, for the avoidance of doubt, at a lower level of priority of the Pre-Acceleration Interest Priority of Payments) in the Pre-Acceleration Interest Priority of Payments, and together in each case with any VAT thereon, if any, and to the extent such Administrative Expenses relate to costs and expenses, such VAT to be limited to irrecoverable VAT payable by the Issuer pursuant to or as contemplated by the Transaction Documents.

“**Advance**” means, in relation to a Loan Agreement, the advance made or to be made by the Funding Circle Investor thereunder.

“**Affected Loan**” means any Purchased Loan Receivable in respect of which an Affected Loan Event has occurred.

“**Affected Loan Event**” means, in respect of a Purchased Loan Receivable, (a) a breach of any Funding Circle Warranty; or (b) a breach of the Seller Asset Warranty, in each case, in respect of such Purchased Loan Receivable as at the date it was warranted.

“**Affected Loan Remedy**” means the payment in full of the Remedy Amount by Funding Circle or a Seller (as applicable), in each case in accordance with clause 2.5 (*Purchase Obligations and Deemed Collections*) of the Receivables Sale and Assignment Agreement.

“**Affiliate**” or “**Affiliated**” means with respect to a Person:

- (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person;
- (b) any account, fund, client or portfolio established and controlled by such Person or an Affiliate thereof or for which such Person or an Affiliate thereof acts as the investment adviser or with respect to which such Person or an Affiliate thereof exercises discretionary control thereover; and
- (c) any other Person who is a director, officer or employee:
  - (i) of such Person;
  - (ii) of any subsidiary or parent company of such Person; or
  - (iii) of any Person described in paragraphs (a) or (b) above;

and for the purposes of this definition, “control” of a Person shall mean the power, direct or indirect:

- (A) to vote more than 50 *per cent.* of the securities having ordinary voting power for the election of directors of such Person; or
- (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“**Agent**” means each of the Issuer Account Bank, Funding Circle Ltd acting in its various capacities under the Transaction Documents to which it is a party (other than as a Subordinated Loan Provider or as a Retention Holder), the Security Holders, the Back-Up Servicing and Collection Agent, the Cash Manager and Calculation Agent, any Paying Agent, the Corporate Services Provider, the Registrar and any Custodian (together, the “**Agents**”).

“**Aggregate Collateral Principal Balance**” means, with respect to any specified Loan Receivables, the aggregate Collateral Principal Balance of such Loan Receivables.

“**Aggregate Initial Collateral Principal Balance**” means, with respect to any specified Loan Receivables, the aggregate Initial Collateral Principal Balance of such Loan Receivables.

“**AIFMD**” means EU Directive 2011/61/EU.

“**All Assets Security Loan**” means a loan that is secured by way of an all assets security agreement.

“**Applicable Law**” means any law, decree, order, rule or regulation of any court or regulatory, administrative or governmental agency, body or authority or arbitration having or asserting jurisdiction over a person or its properties.

“**Appointee**” means any attorney, manager, agent, delegate or other person appointed by the Trustee under the terms of the Trust Deed or the Charge and Assignment to discharge any of its functions or to advise it in relation thereto.

“**Arranger**” means Citigroup Global Markets Limited.

“**Asset Finance Loan**” means an asset finance loan used to procure the use of, and secured by, a specific business asset or assets.

“**Available Interest Proceeds**” means, on any Note Payment Date, the following amounts each calculated as of the immediately preceding Reporting Cut-Off Date (other than in the case of (c) below):

- (a) Interest Proceeds received during the immediately preceding Collection Period; plus
- (b) interest paid to the Issuer on the Issuer Accounts during the immediately preceding Collection Period (other than any Swap Collateral Account); plus
- (c) amounts received by the Issuer under the Interest Rate Cap (other than (i) any Swap Termination Payment received by the Issuer under an Interest Rate Cap which is to be applied in acquiring a replacement cap, (ii) any Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral or part thereof has been applied, pursuant to the provisions of the Interest Rate Cap, to reduce the amount that would otherwise be payable by the Interest Rate Cap Provider to the Issuer on early termination of the Interest Rate Cap and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Cap Provider, such Swap Collateral is not to be applied in acquiring a replacement cap in which case such amounts will be included in Available Interest Proceeds, (iii) amounts in respect of Swap Tax Credits on such Note Payment Date and (iv) any Replacement Swap Premium the Issuer receives in respect of a replacement Interest Rate Cap only to the extent it is applied directly in paying a Swap Termination Payment due to the outgoing Interest Rate Cap Provider); plus
- (d) all amounts standing to the credit of the Cash Reserve Account; *plus*
- (e) the lesser of (i) the amount required to pay any Senior Interest Deficiency on such Note Payment Date, and (ii) all amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Reporting Cut-Off Date (the relevant amount, if any, to be transferred to the Issuer Transaction Account from the Liquidity Reserve Account, and applied as Available Interest Proceeds on, such Note Payment Date); plus
- (f) the amount representing any deficiency in the Available Interest Proceeds under paragraphs (a) to (e) above that is required to pay any Remaining Senior Interest Deficiency (the relevant amount(s), if any, to be transferred to the Issuer Transaction Account from amounts otherwise constituting Available Principal Proceeds (up to an amount equal to the Available Principal Proceeds on such Note Payment Date)); plus
- (g) any Available Principal Proceeds remaining after application of the Available Principal Proceeds pursuant to items (a) to (g) of the Pre-Acceleration Principal Priority of Payments on such Note Payment Date; plus
- (h) on the Final Rated Note Payment Date, any amounts left standing to the credit of the Liquidity Reserve Account.

“**Available Principal Proceeds**” means, on any Note Payment Date, the following amounts each calculated as of the immediately preceding Reporting Cut-Off Date:

- (a) any Principal Proceeds received during the immediately preceding Collection Period; *plus*
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledgers pursuant to the Pre-Acceleration Interest Priority of Payments on such Note Payment Date; *less*
- (c) an amount equal to the Available Principal Proceeds to be applied as Available Interest Proceeds pursuant to paragraph (f) of the definition thereof on such Note Payment Date.

**“Back-Up Servicing Agreement”** means the back-up servicing and collection agreement between, among others, the Issuer and the Back-Up Servicing and Collection Agent dated on or before the Closing Date.

**“Back-Up Servicing and Collection Agent”** means Link Financial Outsourcing Limited or any successor back-up servicing and collection agent as may be appointed in accordance with the Back-Up Servicing Agreement.

**“Back-Up Servicing and Collection Agent Fee”** shall have the meaning given to it in the Back-Up Servicing Agreement.

**“Back-Up Servicing Data”** shall have the meaning given to it in the Back-Up Servicing Agreement.

**“Back-Up Servicing Termination Event”** means the occurrence of one or more of the following events:

- (a) default is made by the Back-Up Servicing and Collection Agent in the performance or observance of any of its covenants or obligations under the Back-Up Servicing Agreement or any of the other Transaction Documents which:
  - (i) materially and adversely affects the rights of the Issuer; and
  - (ii) continues unremedied for a period of 30 days after the earlier of (x) the date on which the Back-Up Servicing and Collection Agent receives written notice of such default; and (y) the date on which the Back-Up Servicing and Collection Agent otherwise becomes aware of such default.
- (b) any representation, warranty or statement of the Back-Up Servicing and Collection Agent made in the Back-Up Servicing Agreement or any document delivered pursuant hereto shall prove to be untrue or incorrect in any respect when made so as to materially affect the Back-Up Servicing and Collection Agent’s ability to perform its obligations under the Back-Up Servicing Agreement; or
- (c) proceedings are initiated against the Back-Up Servicing and Collection Agent under any Insolvency Law, or a Receiver is appointed in relation to the Back-Up Servicing and Collection Agent or in relation to the whole or any substantial part of the undertaking or assets of the Back-Up Servicing and Collection Agent; or the Back-Up Servicing and Collection Agent is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved by the Trustee in writing); or
- (d) a court judgment is entered against the Back-Up Servicing and Collection Agent in an amount greater than £2,000,000 and such judgment remains unremedied for 15 calendar days.

**“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”** has the meaning given to it in the Conditions.

**“Benchmark Rate Disruption”** means the occurrence of any of the following:

- (a) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest in the publicly listed asset backed floating rate notes market;
- (b) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA, SONIA ceasing to exist or be published or the administrator of SONIA having used a fallback methodology for calculating SONIA for a period of at least 30 calendar days;
- (c) the insolvency or cessation of business of the administrator of SONIA (in circumstances where no successor administrator has been appointed);
- (d) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA) in each case with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;

- (e) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or there will be a material change to the methodology of calculating SONIA with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
- (f) a public statement by the supervisor of the SONIA administrator that means 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 Benchmark Rate Modification;
- (g) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a Benchmark Rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority 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;
- (h) it having become unlawful and/or impossible and/or impracticable for any Agent or the Issuer to calculate any payments due to be made to any Noteholder using SONIA;
- (i) following the implementation of a Benchmark Rate Modification, it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a Benchmark Rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of the Notes pursuant to a Benchmark Rate Modification; or
- (j) it being the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (b) to (i) (inclusive) above will occur or exist within six months of the proposed effective date of such Benchmark Rate Modification.

“**Benchmark Rate Eligibility Requirement**” means the Alternative Benchmark Rate being any one of the following:

- (a) a benchmark rate published, endorsed, approved or recognised by the Bank of England, the Financial Conduct Authority 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 (which, for the avoidance of doubt, may be an alternative benchmark rate together with a specified adjustment factor which may increase or decrease the relevant alternative benchmark rate);
- (b) a reference rate utilised in 5 publicly-listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Benchmark Rate Modification;
- (c) a reference rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is any of the Retention Holders or an Affiliate of any such Retention Holder; or
- (d) such other reference rate as the Issuer (in consultation with the Servicing and Collection Agent) reasonably determines, **provided that** this option may only be used if the Issuer (or the Servicing and Collection Agent on its behalf) certifies to the Trustee that, in its reasonable opinion, none of sub-paragraph (a) to (c) above (inclusive) are applicable and/or practicable in the context of this transaction, and sets out the rationale in the Benchmark Rate Modification Certificate for choosing the proposed Alternative Benchmark Rate.

“**Benchmark Rate Modification**” has the meaning given to that term in Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*).

“**Benchmark Rate Modification Certificate**” has the meaning given to that term in Condition 15.5 (*Additional Right of Modification in relation to the Reference Rate*).

“**Benchmarks Regulation**” means the EU Benchmarks Regulation (Regulation (EU) 2016/1011).

“**Book-Entry Interests**” means the beneficial ownership interests in the Global Certificates, the ownership of which shall be evidenced, and transfers of which shall be made, through book entries by the Clearing System from time to time.

“**Business Day**” means a day on which the commercial banks and foreign exchange markets settle payments in London, Dublin and New York (other than a Saturday, Sunday or public holiday).

“**Calculation Date**” means the 7<sup>th</sup> Business Day of each month, commencing on 10 December 2019.

“**Cash Collateralisation**” means the collateralisation of the Issuer with cash by the Class Z Noteholders in order to meet all amounts owed by the Issuer in respect of the Rated Notes, the Class E Notes and the Class X Notes and meet the Issuer’s payment obligations of a higher priority under the Post-Acceleration Principal Priority of Payments on the Portfolio Option Exercise Date (taking account of any amounts expected to be held by the Issuer on the Portfolio Option Exercise Date).

“**Cash Contribution Collateralisation Amount**” means, in respect of the holder of any Class Z Notes, an amount equal to (a) the ratio of the Principal Amount Outstanding of the Class Z Notes held by such Class Z Noteholder, to the total Principal Amount Outstanding of the Class Z Notes; multiplied by (b) the total amount required to meet all amounts owed by the Issuer in respect of the Rated Notes, the Class E Notes and the Class X Notes and meet the Issuer’s payment obligations of a higher priority under the Post-Acceleration Principal Priority of Payments on the Portfolio Option Exercise Date (taking account of any other amounts expected to be held by the Issuer on the Portfolio Option Exercise Date).

“**Cash Management and Calculation Agency Agreement**” means the cash management and calculation agency agreement dated on or before the Closing Date, between, *inter alios*, the Issuer and the Cash Manager and Calculation Agent.

“**Cash Manager and Calculation Agent**” means Citibank, N.A., London Branch or any of its successors or assigns appointed in accordance with the Cash Management and Calculation Agency Agreement.

“**Cash Reserve Account**” means the account described as such in the name of the Issuer with the Issuer Account Bank with account number 11590227.

“**Cash Reserve Ledger**” means the cash reserve ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in accordance with the Cash Management and Calculation Agency Agreement.

“**Cash Reserve Required Amount**” means an amount equal to (i) on the Closing Date £4,375,170.94 (being an amount equal to 1.75 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date; (ii) on each Note Payment Date thereafter prior to the Final Rated Note Payment Date, the lesser of (A) £6,875,268.62 (being an amount equal to 2.75 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date) and (B) an amount equal to 5.50 *per cent.* of the aggregate Principal Amount Outstanding of the Rated Notes prior to giving effect to any redemption of the Notes on such Note Payment Date; (iii) on and from the Final Rated Note Payment Date, zero; (iv) on the Note Payment Date on which the Clean-up Call Option or the Portfolio Option are exercised, zero; and (v) immediately following the delivery of an Enforcement Notice, zero.

“**CASS Rules**” means the rules governing the holding of client assets set out in the FCA’s Client Assets Sourcebook.

“**Central Bank**” means the Central Bank of Ireland.

“**Certificate**” has the meaning given to it in the Conditions.

“**Charge and Assignment**” means the charge and assignment dated on or before the Closing Date between the Issuer and the Trustee.

“**Charged Property**” means the assets and property charged and assigned in the manner set out in the Charge and Assignment and references to the Charged Property include references to any part of the Charged Property.

“**Chattel Mortgage Loan**” means a loan that is secured by way of a chattel mortgage.

“**Class**” means a class of Notes.

“**Class A Interest Amount**” means the amount of interest payable in respect of the Class A Notes held by a Class A Noteholder on any Note Payment Date.

“**Class A Margin**” has the meaning given to it in the Conditions.

“**Class A Noteholder**” means a holder of any Class A Note from time to time.

“**Class A Notes**” has the meaning given to it in the Conditions.

“**Class A Principal Deficiency Ledger**” means the principal deficiency ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in respect of the Class A Notes in order to record as debit amounts Default Amounts and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

“**Class A Principal Deficiency Limit**” means, on any date, an amount equal to the then Principal Amount Outstanding of the Class A Notes.

“**Class A Rate of Interest**” has the meaning given to it in the Conditions.

“**Class A Repayment Amount**” means, on any Note Payment Date, an amount equal to:

- (a) the Net Principal Amount Outstanding of all Class A Notes divided by the Net Principal Amount Outstanding of all Notes (except for the Class X Notes) (in each case immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments); multiplied by
- (b) the amount of all Available Principal Proceeds on such Note Payment Date (immediately following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments).

“**Class B Interest Amount**” means the amount of interest payable in respect of the Class B Notes held by a Class B Noteholder on any Note Payment Date (including any Deferred Interest and any Additional Interest thereon).

“**Class B Margin**” has the meaning given to it in the Conditions.

“**Class B Noteholder**” means a holder of any Class B Note from time to time.

“**Class B Notes**” has the meaning given to it in the Conditions.

“**Class B Principal Deficiency Ledger**” means the principal deficiency ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in respect of the Class B Notes in order to record as debit amounts Default Amounts and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

“**Class B Principal Deficiency Limit**” means, on any date, an amount equal to the then Principal Amount Outstanding of the Class B Notes.

“**Class B Rate of Interest**” has the meaning given to it in the Conditions.

“**Class B Repayment Amount**” means, on any Note Payment Date, an amount equal to:

- (a) the Net Principal Amount Outstanding of all Class B Notes divided by the Net Principal Amount Outstanding of all Notes (except for the Class X Notes) (in each case immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments); multiplied by
- (b) the amount of all Available Principal Proceeds on such Note Payment Date (immediately following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments).

“**Class C Interest Amount**” means the amount of interest payable in respect of the Class C Notes held by a Class C Noteholder on any Note Payment Date (including any Deferred Interest and any Additional Interest thereon).

“**Class C Margin**” has the meaning given to it in the Conditions.

“**Class C Noteholder**” means a holder of any Class C Note from time to time.

“**Class C Notes**” has the meaning given to it in the Conditions.

“**Class C Principal Deficiency Ledger**” means the principal deficiency ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in respect of the Class C Notes in order to record as debit amounts Default Amounts and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

“**Class C Principal Deficiency Limit**” means, on any date, an amount equal to the then Principal Amount Outstanding of the Class C Notes.

“**Class C Rate of Interest**” has the meaning given to it in the Conditions.

“**Class C Repayment Amount**” means, on any Note Payment Date, an amount equal to:

- (a) the Net Principal Amount Outstanding of all Class C Notes divided by the Net Principal Amount Outstanding of all Notes (except for the Class X Notes) (in each case immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments); multiplied by
- (b) the amount of all Available Principal Proceeds on such Note Payment Date (immediately following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments).

“**Class D Interest Amount**” means the amount of interest payable in respect of the Class D Notes held by a Class D Noteholder on any Note Payment Date (including any Deferred Interest and any Additional Interest thereon).

“**Class D Margin**” has the meaning given to it in the Conditions.

“**Class D Noteholder**” means a holder of any Class D Note from time to time.

“**Class D Notes**” has the meaning given to it in the Conditions.

“**Class D Principal Deficiency Ledger**” means the principal deficiency ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in respect of the Class D Notes in order to record as debit amounts Default Amounts and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

“**Class D Principal Deficiency Limit**” means, on any date, an amount equal to the then Principal Amount Outstanding of the Class D Notes.

“**Class D Rate of Interest**” has the meaning given to it in the Conditions.

“**Class D Repayment Amount**” means, on any Note Payment Date, an amount equal to:

- (a) the Net Principal Amount Outstanding of all Class D Notes divided by the Net Principal Amount Outstanding of all Notes (except for the Class X Notes) (in each case immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments); multiplied by
- (b) the amount of all Available Principal Proceeds on such Note Payment Date (immediately following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments).

“**Class E Interest Amount**” means the amount of interest payable in respect of the Class E Notes held by a Class E Noteholder on any Note Payment Date (including any Deferred Interest and any Additional Interest thereon).

“**Class E Margin**” has the meaning given to it in the Conditions.

“**Class E Noteholder**” means a holder of any Class E Note from time to time.

“**Class E Notes**” has the meaning given to it in the Conditions.

“**Class E Principal Deficiency Ledger**” means the principal deficiency ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in respect of the Class E Notes in order to record as debit amounts Default Amounts and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

“**Class E Principal Deficiency Limit**” means, on any date, an amount equal to the then Principal Amount Outstanding of the Class E Notes.

“**Class E Rate of Interest**” has the meaning given to it in the Conditions.

“**Class E Repayment Amount**” means, on any Note Payment Date, an amount equal to:

- (a) the Net Principal Amount Outstanding of all Class E Notes divided by the Net Principal Amount Outstanding of all Notes (except for the Class X Notes) (in each case immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments); multiplied by
- (b) the amount of all Available Principal Proceeds on such Note Payment Date (immediately following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments).

“**Class X Interest Amount**” means the amount of interest payable in respect of the Class X Notes held by a Class X Noteholder on any Note Payment Date (including any Deferred Interest and any Additional Interest thereon) in accordance with the applicable Priority of Payments.

“**Class X Noteholder**” means a holder of any Class X Note from time to time.

“**Class X Notes**” has the meaning given to it in the Conditions.

“**Class Z Interest Amount**” means the amount of interest payable in respect of the Class Z Notes held by a Class Z Noteholder on any Note Payment Date or any other date on which amounts are applied, in each case in accordance with the applicable Priority of Payments.

“**Class Z Noteholder**” means a holder of any Class Z Note from time to time.

“**Class Z Notes**” has the meaning given to it in the Conditions.

“**Class Z Principal Deficiency Ledger**” means the principal deficiency ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in respect of the Class Z Notes in order to record as debit amounts Default Amounts and the application of Available Principal Proceeds to pay any Remaining Senior Interest Deficiency on a Note Payment Date.

“**Class Z Principal Deficiency Limit**” means, on any date, an amount equal to the then Principal Amount Outstanding of the Class Z Notes.

“**Class Z Repayment Amount**” means, on any Note Payment Date, an amount equal to:

- (a) the Net Principal Amount Outstanding of all Class Z Notes divided by the Net Principal Amount Outstanding of all Notes (except for the Class X Notes) (in each case immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments); multiplied by
- (b) the amount of all Available Principal Proceeds on such Note Payment Date (immediately following application of Available Interest Proceeds in accordance with the Pre-Acceleration Interest Priority of Payments).

“**Clean-Up Call Option**” has the meaning given to it in the Conditions.

“**Clearing Systems**” means Euroclear or Clearstream, as applicable.

“**Clearstream**” or “**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme, Luxembourg.



“**Closing Date**” has the meaning given to it in the Conditions.

“**Collateral Principal Balance**” means, as of any date, with respect to any Loan Receivable, the then outstanding principal amount thereof.

“**Collection Account**” means the segregated bank account described as such in the name of the Servicing and Collection Agent with the Collection Account Bank for the sole purpose of holding funds to which the Issuer is beneficially entitled, with IBAN GB11BARC20802213958973, sort code: 20-80-22 and account number 13958973 or such other segregated bank account as may be established in accordance with the Servicing Agreement from time to time.

“**Collection Account Bank**” means Barclays Bank plc.

“**Collection Account Declaration of Trust**” means the declaration of trust in relation to the Collection Account between the Collection Account Holder, the Servicing and Collection Agent, the Issuer and the Trustee dated on or before the Closing Date.

“**Collection Account Holder**” means Funding Circle Ltd.

“**Collection Period**” means the period from, but excluding, a Reporting Cut-Off Date or, in the case of the first Collection Period, the Loan Portfolio Cut-Off Date, to and including the next following Reporting Cut-Off Date.

“**Collection Policy**” means the collection policy of Funding Circle.

“**Collections**” means any Loan Receivable Proceeds received in respect of Defaulted Loans (including any Purchased Defaulted Receivables).

“**Collections Charge**” means an amount (as determined by the Servicing and Collection Agent in accordance with the Collections Policy) to be deducted from Loan Receivable Proceeds in respect of any Defaulted Loan as set forth in the Collection Charge Fee Schedule contained in the Collection Policy subject to a maximum amount of 15 *per cent.* of the Collateral Principal Balance of any such Defaulted Loan at the time that it was classified as in default by the Servicing and Collection Agent in accordance with the Funding Circle Standard Documentation.

“**Common Safekeeper**” means a common safekeeper for a Clearing System.

“**Companies Act**” means the Irish Companies Act 2014.

“**Compounded Daily SONIA**” means 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 Cash Manager and Calculation Agent as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**d<sub>0</sub>**” is the number of Banking Days in the relevant Interest Period;

“**i**” is a series of whole numbers from one to  $d_0$ , each representing the relevant Banking Day in chronological order from, and including the first Banking Day in the relevant Interest Period;

“**n<sub>i</sub>**”, for any day “**i**”, means the number of calendar days from and including such day “**i**” up to but excluding the following Banking Day; and

“**SONIA<sub>i-5LBD</sub>**” means, in respect of any Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the Banking Day falling five Banking Days prior to the relevant Banking Day “**i**”.

“**Conditions**” means the terms and conditions of the Notes set out at Schedule 2 (*Conditions of the Notes*) of the Trust Deed (see section entitled “**Terms and Conditions of the Notes**”).

“**Constitution**” means, in respect of the Issuer, its constitution, comprising the memorandum and articles of association of the Issuer (as may be amended from time to time).

“**Corporate Benefit Account**” means the account described as such in the name of the Issuer with IBAN GB44CITI18500811590243, SWIFT code CITIGB2L and account number 11590243, with a bank designated in accordance with the Transaction Documents and notified to the Trustee and the Cash Manager and Calculation Agent, or such other account as may be established and designated as such from time to time in accordance with the Transaction Documents.

“**Corporate Services Agreement**” means the corporate services agreement between the Issuer and the Corporate Services Provider dated on or before the Closing Date.

“**Corporate Services Fee**” means the fees payable by the Issuer to the Corporate Services Provider as may be amended from time to time in accordance with the Transaction Documents.

“**Corporate Services Provider**” means Intertrust Management Ireland Limited.

“**CRA 3**” means Regulation of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies (as amended from time to time and as implemented by the Member States of the European Union) together with any guidelines, technical standards or Q&A responses published in relation thereto by the European Banking Authority (or any successor or replacement agency or authority).

“**CRA 3 RTS**” means Delegated Regulation (EU) 2015/3 of 30 September 2014.

“**Credit Support Annex**” or “**CSA**” means the credit support annex annexed to the Interest Rate Cap and forming part of it.

“**CRR**” means the European Union Regulation (EU) 575/2013 of 26 June 2013 (as amended from time to time) on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 (as amended from time to time and as implemented by the Member States of the European Union) together with any guidelines, technical standards or Q&A responses published in relation thereto by the European Banking Authority (or any successor or replacement agency or authority).

“**Custodian**” means any party acting as custodian pursuant to any Swap Collateral Custody Agreement from time to time.

“**Custody Files**” means all Records and Loan Receivable Documentation relating to the Purchased Loan Receivables and (to the extent the Issuer is entitled to in accordance with the Security Declaration of Trust), the Related Security related thereto.

“**Data Protection Laws**” means the UK Data Protection Legislation, the Irish Data Protection Legislation and (for so long as and to the extent that the law of the European Union has legal effect in the UK or Ireland) the General Data Protection Regulation ((EU) 2016/679) (the “**GDPR**”) and any other directly applicable European Union law relating to privacy.

“**Deduction**” or “**Deductions**” has the meaning given to it in the Servicing Agreement.

“**Deed Poll**” means the deed poll dated the Closing Date executed by the Issuer in favour of the Portfolio Option Holder from time to time.

“**Deemed Collection**” means, in respect of a Seller Asset Warranty Affected Loan, or Eligibility Affected Loan, the deposit of the relevant Remedy Amount in the Issuer Transaction Account by the relevant Seller (as applicable) in accordance with the terms of the Receivables Sale and Assignment Agreement.

“**Deemed Collection Transfer Price**” means, in respect of a Seller Asset Warranty Affected Loan or an Eligibility Affected Loan, an amount equal to the Collateral Principal Balance of such Affected Loan as at the date (if any) that it is transferred to, or at the direction of, the relevant Seller pursuant to the Receivables Sale and Assignment Agreement (the “**Transfer Date**”) plus any accrued but unpaid interest thereon as at the Transfer Date less an

amount equal to any Deemed Collection previously paid to the Issuer with respect thereto, **provided that** the Deemed Collection Transfer Price shall never be less than zero.

“**Default Amount**” means, in any Collection Period, an amount equal to the Collateral Principal Balance of all Purchased Loan Receivables which became Defaulted Loans during such Collection Period immediately prior to such time as they became Defaulted Loans.

“**Defaulted Loan**” means a Loan Receivable:

- (a) in respect of which the aggregate amount of any payment of interest or principal or any other amount due and payable thereunder, or part thereof, in an amount greater than three monthly repayment instalments thereunder, remains unpaid past its original due date; or
- (b) which the Servicing and Collection Agent has declared to be in default in accordance with its terms.

“**Deferred Interest**” has the meaning given to it in the Conditions.

“**Definitive Certificate**” means a certificate in definitive form representing one or more Notes of a Class in or substantially in the form set out in Part 2 of Schedule 1 (*Form of Definitive Certificate of Each Class*) of the Trust Deed.

“**Delinquent Loan**” means a Loan Receivable, including any Loan Receivable that is the subject of a Short Term Payment Plan, other than a Defaulted Loan in respect of which any payment of interest or principal or any other amount due and payable thereunder, or part thereof, remains unpaid for more than 30 calendar days past its original due date.

“**Determination Date**” means, in relation to a Loan, the date on which the original funder entered into a binding commitment to fund such Loan.

“**Director**” means such person(s) who have been or who may be appointed as a director(s) of the Issuer from time to time (including any alternate director(s) duly appointed in accordance with the Constitution of the Issuer).

“**Electronic Resolution**” means any resolution of the Noteholders given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee), as described in Condition 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

“**Eligibility Affected Loan**” means a Purchased Loan Receivable which did not satisfy the Eligibility Criteria as at its applicable Determination Date or at the time otherwise indicated.

“**Eligibility Criteria**” means the eligibility criteria set out in Schedule 8 (*Eligibility Criteria*) of the Receivables Sale and Assignment Agreement.

“**Eligible Institution**” means with respect to the Issuer Account Bank, an institution with:

- (a) a long-term, unsecured and unsubordinated debt or counterparty ratings of at least “A” by S&P; or
- (b) (i) a long-term rating of at least “A2” by Moody’s; or (ii) if the Issuer Account Bank does not have a long-term rating by Moody’s, a short-term deposit rating of at least “P-1” by Moody’s; or
- (c) such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings of the Rated Notes.

“**Enforcement Event**” means the service of an Enforcement Notice in accordance with the Conditions.

“**Enforcement Notice**” means a notice delivered to the Issuer following an Event of Default, in accordance with the Conditions.

“**EU**” means the European Union.

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

“**Euronext Dublin**” means The Irish Stock Exchange plc, trading as Euronext Dublin.

“**Event of Default**” has the meaning given to it in the Conditions.

“**Excess Swap Collateral**” means, in respect of the Interest Rate Cap, an amount (which will be transferred directly to the Interest Rate Cap Provider in accordance with the Interest Rate Cap) equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Interest Rate Cap Provider to the Issuer pursuant to the Interest Rate Cap (and not previously returned to the Interest Rate Cap Provider) exceeds the Interest Rate Cap Provider’s liability under the Interest Rate Cap as determined on or as soon as reasonably practicable after the date of termination of such Interest Rate Cap (such liability shall be determined in accordance with the terms of the Interest Rate Cap except that for the purpose of this definition only the value of the collateral will not be applied as an unpaid amount owed by the Issuer to the Interest Rate Cap Provider) or which it is otherwise entitled to have returned to it under the terms of the Interest Rate Cap.

“**Exchange Date**” means a day falling not less than 30 days after the date on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar is located.

“**Excluded Taxes**” means, with respect to any Person:

- (a) income taxes imposed (or measured by) its net income or franchise taxes imposed on (or measured by) its net income by the jurisdiction under the laws of which such Person is organised or in which its principal office is located including any political subdivision thereof; and
- (b) any branch profit taxes imposed by any jurisdiction described in paragraph (a) above.

“**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of at least *75 per cent.* of all applicable Notes which are represented and are voted at such meeting or which satisfies the requirements of the Trust Deed in respect of such resolution.

“**FATCA**” means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, any intergovernmental agreement entered into pursuant to such Sections of the U.S. Internal Revenue Code of 1986, as amended, and any legislation, regulations, rules, guidance notes, or practices adopted pursuant to any such intergovernmental agreement.

“**FATCA Deduction**” means a deduction or withholding from a payment under the Transaction Documents required by FATCA.

“**FATCA Exempt Party**” means a person that is entitled to receive payments free from any FATCA Deduction.

“**FCTL**” means Funding Circle Trustee Limited.

“**Final Maturity Date**” has the meaning given to it in the Conditions.

“**Final Payout Date**” means the date on which the Secured Obligations owed to the Secured Creditors have been irrevocably and unconditionally paid or discharged in full.

“**Final Rated Note Payment Date**” means the Note Payment Date on which the Available Principal Proceeds to be applied on such Note Payment Date is greater than or equal to the Principal Amount Outstanding of the Rated Notes.

“**First Interest Period**” means the interest period commencing on the Closing Date and ending on (but excluding) the First Note Payment Date.

“**First Note Payment Date**” means the Note Payment Date falling in December 2019.

“**Force Majeure Event**” means an event beyond the reasonable control of the person affected as a result of strike, lock out, labour dispute, act of God, war, riot, civil commotion, malicious damage, accident, breakdown of plant or machinery, computer software, hardware or system failure, fire, flood and/or storm and other circumstances affecting the supply of good or services.

“**FSMA**” means the Financial Services and Markets Act 2000, as amended.

“**Functional Specification**” means the detail of the way in which the Back-Up Servicing and Collection Agent will provide the services specified to Back-Up Servicing Agreement, as may be modified from time to time for the purposes of reflecting any changes to the Servicing and Collection Agent’s systems or as otherwise agreed between the parties to the Back-Up Servicing Agreement.

“**Funding Circle**” means Funding Circle Ltd.

“**Funding Circle Borrower**” means, in respect of a Loan, the borrower thereunder.

“**Funding Circle Group**” means Funding Circle, any subsidiary or holding company of Funding Circle and any subsidiary of any such holding company (holding company and subsidiary having the meanings given to them in section 1159 of the Companies Act 2006).

“**Funding Circle Investor**” means, in respect of a Loan, the investor thereunder.

“**Funding Circle Lending Policy**” means Funding Circle’s credit assessment policy and criteria, annexed to the Glencar XXVI Origination Agreement and the Great Trinity Origination Agreement, as the same may be amended from time to time pursuant to which each Purchased Loan Receivable has been or will be originated.

“**Funding Circle Mandate Letter**” means the letter between the Issuer and Funding Circle dated on or before the Closing Date, including the Funding Circle Terms and Conditions for Investors set out in the schedule thereto.

“**Funding Circle Platform**” means the lending platform operated by Funding Circle.

“**Funding Circle Policies**” means the policies of Funding Circle as provided to the Trustee by the Servicing and Collection Agent on or around the Closing Date, as amended or supplemented from time to time.

“**Funding Circle Standard Documentation**” means the standard loan documentation of the Funding Circle Platform located at <https://www.fundingcircle.com/uk/legal/> as may be amended from time to time.

“**Funding Circle Terms and Conditions**” means the Funding Circle Terms and Conditions for Borrowers and/or the Funding Circle Terms and Conditions for Investors, as applicable.

“**Funding Circle Terms and Conditions for Borrowers**” means the terms and conditions for borrowers published by Funding Circle from time to time.

“**Funding Circle Terms and Conditions for Investors**” means the terms and conditions for investors set out in Schedule 1 of the Funding Circle Mandate Letter as the same may be amended from time to time.

“**Funding Circle Warranties**” means the representations and warranties set out in Schedule 7 (*Funding Circle Warranties*) to the Receivables Sale and Assignment Agreement and each, a “**Funding Circle Warranty**”.

“**Glencar XI**” means Glencar Investments XI Designated Activity Company.

“**Glencar XI Forward Sale Agreement**” means a forward sale agreement between Glencar XXVI as seller and Glencar XI as purchaser dated 16 September 2019.

“**Glencar XI List of Loan Receivables**” means the list of Loan Receivables set out in Schedule 3 (*Glencar XI List of Loan Receivables*) of the Receivables Sale and Assignment Agreement.

“**Glencar XI Purchase Price**” means an amount equal to £126,088,960.24.

“**Glencar XI Purchased Loan Receivables**” means any Loan Receivable which has been transferred (or purported to be transferred) by Glencar XI (in its capacity as a Seller) to the Issuer pursuant to the Receivables Sale and Assignment Agreement and which has not been purchased in accordance with clause 2.5 (*Purchase Obligations and Deemed Collections*) of the Receivables Sale and Assignment Agreement (but including any Purchased Defaulted Receivable).

“**Glencar XXVI**” means Glencar Investments XXVI Designated Activity Company.

“**Glencar XXVI Origination Agreement**” means the origination agreement entered into on 6 December 2018 between Glencar XXVI, Cascade Funding, LP – Series 5, Funding Circle, and Citicorp Trustee Company Limited as may be amended and/or restated from time to time.

“**Global Certificate**” means a certificate in global form representing all or part of the Notes of a Class in or substantially in the form set out in Part 1 of Schedule 1 (*Form of Global Certificate of Each Class*) of the Trust Deed.

“**Global Note**” means, in respect of a Class of Notes, one or more permanent global notes in fully registered form without interest coupons.

“**Government Entity**” means any country or nation, any political subdivision, state or municipality of such country or nation, and any entity exercising executive legislative, judicial, regulatory or administrative functions of or pertaining to the government of any country or nation or political subdivision thereof.

“**Great Trinity**” means Great Trinity Lending 1 Designated Activity Company.

“**Great Trinity List of Loan Receivables**” means the list of Loan Receivables set out in Schedule 4 (*Great Trinity List of Loan Receivables*) of the Receivables Sale and Assignment Agreement.

“**Great Trinity Origination Agreement**” means the origination agreement entered into on 7 June 2019 between Great Trinity, Funding Circle, and Citicorp Trustee Company Limited as may be amended and/or restated from time to time.

“**Great Trinity Purchase Price**” means an amount equal to £131,233,844.40.

“**Great Trinity Purchased Loan Receivables**” means any Loan Receivable which has been transferred (or purported to be transferred) by Great Trinity to the Issuer pursuant to the Receivables Sale and Assignment Agreement and which has not been purchased in accordance with clause 2.5 (*Purchase Obligations and Deemed Collections*) of the Receivables Sale and Assignment Agreement (but including any Purchased Defaulted Receivable).

“**Guarantor**” means, in respect of a Loan Receivable, any guarantor thereof.

“**ICSD**” means Euroclear and Clearstream.

“**IFRS**” means the International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time.

“**Illegality Event**” has the meaning given to it in the Conditions.

“**Indemnified Party**” means each of the Issuer and the Trustee indemnified on demand against any Liabilities by the Servicing and Collection Agent.

“**Indirect Participants**” means persons that hold interest in the Book-Entry Interests through Participants.

“**Initial Collateral Principal Balance**” means, with respect to any Loan Receivable, the Collateral Principal Balance of the Loan Receivable on the date of the Advance of such Loan Receivable.

“**Insolvency Event**” means, with respect to any Person, the occurrence of any of the following:

- (a) such Person shall commence any case, proceeding or other action, or present a petition or make an application under any applicable Insolvency Law:
  - (i) relating to bankruptcy, insolvency, court protection, examinership, reorganisation or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganisation (other than a solvent reorganisation in the ordinary course of business), arrangement, adjustment, winding-up, examinership, liquidation, dissolution, court protection, composition, declaration or other similar relief with respect to it or its debts; or
  - (ii) seeking the appointment of a liquidator, receiver, administrative receiver, examiner, trustee in bankruptcy, custodian, administrator or other similar official for it or for all or any substantial part of its assets;

- (b) there shall be commenced, presented or made against such Person any case, proceeding or other action referred to in (a) above which is not dismissed by the relevant court, tribunal or authority within 21 days of its commencement;
- (c) there shall be commenced against such Person any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which is not dismissed within 21 days of its commencement; or
- (d) such Person ceasing or threatening to cease to carry on its business or stopping payment or threatening to stop payment of its debts or being, being deemed to be or becoming, unable to pay its debts within the meaning of section 123(1)(a) or (b) of the Insolvency Act 1986 as that section may be amended, (or as the case may be, any analogous provision in any applicable jurisdiction) or otherwise unable to pay its debts as they fall due or the value of its assets falling to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or such Person otherwise becoming insolvent or a moratorium is declared in relation to any indebtedness of such Person.

“**Insolvency Law**” means any applicable liquidation, insolvency, bankruptcy, examinership, composition, reorganisation or other similar laws.

“**Interest Amount**” means the Class A Interest Amount, the Class B Interest Amount, the Class C Interest Amount, the Class D Interest Amount, the Class E Interest Amount, the Class X Interest Amount and the Class Z Interest Amount, as applicable.

“**Interest Commencement Date**” means the Closing Date.

“**Interest Determination Date**” means the fifth Banking Day before the Note Payment Date for which the Rate of Interest to be determined on such date will apply.

“**Interest Period**” means the First Interest Period and, thereafter, each period commencing on (and including) a Note Payment Date and end on (but excluding) the next Note Payment Date.

“**Interest Proceeds**” means (i) all Loan Receivable Proceeds in the form of interest, fees and any other amounts in respect of interest in respect of the Purchased Loan Receivables or in respect of any such amounts, and (ii) any Collections.

“**Interest Rate Cap**” means the 2002 ISDA Master Agreement, including the schedule, the Credit Support Annex and the confirmation related thereto each between the Issuer and the Interest Rate Cap Provider dated on or before the Closing Date, or any replacement thereof.

“**Interest Rate Cap Payment**” means the “**Fixed Amount**” (as defined in the Interest Rate Cap) payable by the Issuer to the Interest Rate Cap Provider under the Interest Rate Cap.

“**Interest Rate Cap Provider**” means NatWest Markets Plc, or any replacement thereof.

“**Interest Rate Cap Provider Default**” means the occurrence of an Event of Default (as defined in the Interest Rate Cap) where the Interest Rate Cap Provider is the Defaulting Party (as defined in the Interest Rate Cap).

“**Interest Rate Cap Provider Downgrade Event**” means the occurrence of an Additional Termination Event (as defined in the Interest Rate Cap) following the failure by the Interest Rate Cap Provider to comply with the requirements of the ratings downgrade provisions set out in the Interest Rate Cap.

“**Intermediary Services Fee**” shall have the meaning given to it in the Servicing Agreement.

“**Investor Report**” means the investor report in substantially the form as set out in Schedule 3 (*Form of Investor Report*) of the Cash Management and Calculation Agency Agreement.

“**Ireland**” means Ireland (excluding Northern Ireland).

“**Irish Data Protection Legislation**” means any data protection legislation from time to time in force in the Ireland including the Data Protection Acts 1988 to 2018 or any successor legislation.

“**Irish Listing Agent**” means Matheson.

“**Issuer**” means Small Business Origination Loan Trust 2019-3 DAC.

“**Issuer Account Bank**” means Citibank, N.A., London Branch, or any successor or replacement account bank appointed pursuant to the Account Bank Agreement.

“**Issuer Accounts**” means the Issuer Transaction Account, the Cash Reserve Account, the Liquidity Reserve Account and any Swap Collateral Account.

“**Issuer Corporate Benefit**” means £100 per calendar month, to be paid to the Corporate Benefit Account on each Note Payment Date in accordance with the applicable Priority of Payments.

“**Issuer Covenants**” means the covenants of the Issuer set out at clause 8 (*Covenants by the Issuer*) of the Trust Deed.

“**Issuer/ICSD Agreement**” means the agreement so named dated on or before the Closing Date between the Issuer and the ICSDs.

“**Issuer Transaction Account**” means the account described as such in the name of the Issuer with the Issuer Account Bank with IBAN GB13CITI18500811590219, SWIFT code CITIGB2L and account number 11590219, or such other account as may be established and designated as such from time to time in accordance with the Transaction Documents.

“**Joint Lead Managers**” means Citigroup Global Markets Limited and Deutsche Bank AG, London Branch.

“**LCR Regulation**” means the Commission Delegated Regulation (EU) 2015-61 of 10 October 2014 (supplementing Regulation (EU) 575/2013 with regard to the Liquidity Coverage Requirement for Credit Institutions, as amended).

“**Liability**” or “**Liabilities**” means any losses, claims, damages, judgments, interest on judgments, assessments, costs, fees, charges, surcharges, amounts paid in settlement, expenses (including legal fees and expenses) or other liabilities (including any tax thereon).

“**LIBOR**” means the London interbank offered rate.

“**Liquidity Reserve Account**” means the account described as such in the name of the Issuer with the Issuer Account Bank with account number 11590235.

“**Liquidity Reserve Ledger**” means the liquidity reserve ledger established on behalf of the Issuer by the Cash Manager and Calculation Agent in accordance with the Cash Management and Calculation Agency Agreement.

“**Liquidity Reserve Required Amount**” means an amount equal to (i) on the Closing Date and on each Note Payment Date prior to the Final Rated Note Payment Date £625,024.42 (being an amount equal to 0.25 *per cent.* of the Aggregate Collateral Principal Balance of the Loan Portfolio as at the Loan Portfolio Cut-Off Date); (ii) on each Note Payment Date on and from the Final Rated Note Payment Date, zero; (iii) on the Note Payment Date on which the Clean-Up Call Option or the Portfolio Option are exercised, zero; and (iv) immediately following the delivery of an Enforcement Notice, zero.

“**List of Loan Receivables**” means the Glencar XI List of Loan Receivables or the Great Trinity List of Loan Receivables (as applicable).

“**Loan**” means a loan obligation entered into between a Funding Circle Investor and a Funding Circle Borrower on the Funding Circle Platform and excluding any debt securities.

“**Loan Agreement**” means the agreement(s) pursuant to which a Loan Receivable has been created and each other agreement that governs the terms of such Loan Receivable.

“**Loan Modification**” means, with respect to any Loan Receivable, any termination, release, amendment, modification, compromise, waiver or variation of that Loan Receivable.

“**Loan Portfolio**” means the Purchased Loan Receivables held by the Issuer from time to time and any Purchased Defaulted Receivables transferred to FCTL.

“**Loan Portfolio Cut-Off Date**” means 30 September 2019.



**“Loan Receivable”** means any Sterling denominated loan originated from time to time on the Funding Circle Platform, in each case including any Related Security in respect thereof to which the relevant Funding Circle Investor is entitled in accordance with the Funding Circle Mandate Letter and the Security Declaration of Trust.

**“Loan Receivable Documentation”** means, in respect of each Loan Receivable, the Loan Agreement and any Related Security Agreement, in each case, relating thereto, and each other document governing the provisions of such Loan Receivable or its Related Security, in each case, to which the relevant Funding Circle Investor is entitled.

**“Loan Receivable Proceeds”** means, with respect to any Purchased Loan Receivable, all cash collections and other cash proceeds of such Purchased Loan Receivable, including, without limitation, all interest, principal and fees (excluding, for the avoidance of doubt, any late payment fee charged by Funding Circle in accordance with the Loan Receivable Documentation) under such Purchased Loan Receivable, the cash proceeds of the enforcement of the Related Security of such Purchased Loan Receivable to which the Issuer is entitled in accordance with the Security Declaration of Trust, the proceeds of the sale of such Purchased Loan Receivable, any Deemed Collections and any Remedy Amounts.

**“Master Framework Agreement”** means the master framework agreement between the Issuer, the Sellers, the Trustee, the Issuer Account Bank, the Arranger, the Cash Manager and Calculation Agent, the Principal Paying Agent, the Corporate Services Provider, the Subordinated Loan Providers, the Back-Up Servicing and Collection Agent, the Retention Holders, the Servicing and Collection Agent, the Security Holders, the Reporting Agent, the Registrar and the Interest Rate Cap Provider dated on or before the Closing Date.

**“Member State”** means a member state of the EU.

**“Minimum Denomination”** means £100,000.

**“Minimum Retained Amount”** means the material net economic interest of not less than 5 *per cent.* of the nominal value of each Class of Notes sold or transferred to investors on the Closing Date and retained on a cumulative basis by each Retention Holder holding its respective Origination Percentages, as required by Article 6(3)(a) of the Securitisation Regulation.

**“Monthly Verification Files”** means the files to be delivered to the Back-Up Servicing and Collection Agent by the Servicing and Collection Agent on a monthly basis in accordance with the Functional Specification, such files to include the bank account information and the contact information relating to the Purchased Loan Receivables that would be necessary for the Back-Up Servicing and Collection Agent to collect or enforce each Purchased Loan Receivable and Related Security Agreement, the Servicing Report and such other information as the Back-Up Servicing and Collection Agent (or its delegate or sub-contractor) reasonably requests to perform its obligations under the Back-Up Servicing Agreement.

**“Moody’s”** means Moody’s Investors Service Limited and any successor or successors thereto.

**“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 or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class X Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class X Notes then outstanding, the Class Z Notes.

**“Net Principal Amount Outstanding”** means, on any Note Payment Date, in relation to any Class of Notes, the Principal Amount Outstanding of that Class of Notes *less* the debit balance of the Principal Deficiency Ledger of that Class immediately following application of the Available Interest Proceeds in accordance with the Pre-Acceleration Principal Priority of Payments.

**“Non-Defaulted Loan”** means any Purchased Loan Receivable which the Servicing and Collection Agent has not declared to be in default in accordance with its terms.

**“Note Payment Date”** means:

- (a) the 15<sup>th</sup> day of each calendar month (or if such date is not a Business Day, the immediately succeeding Business Day), commencing on the First Note Payment Date to the date on which the Notes are repaid in full; and
- (b) the Final Maturity Date.

“**Noteholder**” means a Class A Noteholder, a Class B Noteholder, a Class C Noteholder, a Class D Noteholder, a Class E Noteholder, a Class X Noteholder and/or a Class Z Noteholder, as applicable.

“**Notes**” means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z Notes.

“**Obligor**” means, in respect of a Loan Receivable, each of the Funding Circle Borrower and any Guarantor.

“**Observation Period**” means the period from and including the date falling five 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 Banking Days prior to the Note Payment Date for such Interest Period (or, if applicable, the date falling five Banking Days prior to any date on which a payment of interest is to be made in respect of the Notes).

“**Official List**” means the Official List of Euronext Dublin.

“**Optional Redemption Trigger Date**” means the Note Payment Date following the Calculation Date on which the aggregate of the Principal Amount Outstanding of the Notes (excluding the Class X Notes) is equal to or less than 20 per cent. of the Principal Amount Outstanding of all of the Notes (excluding the Class X Notes) as at the Closing Date.

“**Ordinary Resolution**” has the meaning set out in paragraph 1(e) of Schedule 4 (*Provisions for Meetings of the Noteholders of each Class*) of the Trust Deed.

“**Origination Percentage**” means (i) in the case of Funding Circle, 51 *per cent.* of the Minimum Retained Amount, and (ii) in the case of Glencar XI, 49 *per cent.* of the Minimum Retained Amount, being, in each case, a *pro rata* holding by reference to the Aggregate Collateral Principal Balance of the Purchased Loan Receivables in respect of which they respectively act as originator.

“**Other Secured Contractual Rights**” means any other agreement, instrument or notice to which the Issuer is or becomes a party or in respect of which it has or may have any right, interest, title or benefit, either existing now or at any time in the future.

“**Outstanding**” or “**outstanding**” means in relation to the Notes of any Class, as of any date of determination, all of the Notes of such Class issued other than:

- (a) those Notes which have been redeemed with the exception of the Class E Notes, the Class X Notes and the Class Z Notes in relation to which amounts of Interest Proceeds and Principal Proceeds have, or may, become payable;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including premium (if any) and all interest payable in respect thereof and any interest payable under the relevant Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Principal Paying Agency Agreement (and where appropriate notice to that effect has been given to the relative Noteholders in accordance with Condition 10 (*Notifications*)) and remain available for payment against presentation of the relevant Notes;
- (c) those Notes which have become void under Condition 18.4 (*Prescription*);
- (d) any mutilated or defaced Notes which have been surrendered and for which replacement Notes have been issued in accordance with Condition 18.5 (*Replacement of Notes*);
- (e) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and for which replacement Notes have been issued in accordance with Condition 18.5 (*Replacement of Notes*); and

- (f) Notes represented by any Global Certificate to the extent that such Global Certificate shall have been exchanged for Notes represented by Definitive Certificates pursuant to its provisions;

**provided that**, for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders of a Class;
- (ii) the determination of how many and which of the relevant Notes are for the time being Outstanding for the purpose of Condition 13 (*Events of Default*) and Condition 14 (*Enforcement*);
- (iii) any discretion, power or authority (whether contained in the Trust Deed or vested by operation of law) which the Trustee is required, expressly or implicitly, to exercise in or by reference to the interests of the Noteholders or any of them; and
- (iv) the determination (where relevant) by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders of any Class,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain Outstanding. The Trustee shall be entitled to assume that there are no such holdings except to the extent it is otherwise expressly notified in writing and shall not be bound or concerned to make any enquiry.

**“Participants”** means persons that have accounts in Euroclear and Clearstream.

**“Paying Agent”** means the Principal Paying Agent and any additional paying agent appointed in accordance with the Principal Paying Agency Agreement.

**“Payment Netting Agreement”** means the payment netting agreement between, among others, the Sellers, the Arranger, the Joint Lead Managers and the Issuer dated on or before the Closing Date.

**“Permitted Debt Recovery Outsourcing”** means the outsourcing by the Servicing and Collection Agent of debt recovery services to CCI Credit Management Limited or Shire Recoveries Limited in relation to Portfolio Loan Receivables that are Defaulted Loans or Delinquent Loans from time to time.

**“Person”** means an individual, corporation (including a business trust), limited liability company, partnership, exempted limited partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

**“Personal Data”** means personal data as defined under the Data Protection Laws.

**“Personal Guarantee”** means a guarantee of the obligations of a Funding Circle Borrower by an appropriate owner or director thereof in compliance with the Funding Circle Standard Documentation.

**“Portfolio Option Exercise Date”** means any Note Payment Date falling on or after the Optional Redemption Trigger Date but prior to the delivery of an Enforcement Notice.

**“Portfolio Option Holder”** means:

- (a) where there is one Class Z Noteholder, the Class Z Noteholder; or
- (b) where there is more than one Class Z Noteholder, any entity that represents Class Z Noteholders holding more than 50 per. cent. of the Class Z Notes.

**“Portfolio Sale”** means a sale of all the Purchased Loan Receivables comprised in the Loan Portfolio by the Issuer to the Portfolio Option Holder or any other third party purchaser that satisfies the Portfolio Sale Conditions.

**“Portfolio Sale Conditions”** means:

- (a) the relevant Portfolio Sale is for a consideration equal to the fair value of the Portfolio, as determined in accordance with standard market practice by a third party appointed by the Portfolio Option Holder on an arm’s length basis, which shall be at least equal to the Portfolio Sale Minimum Purchase Price (and

any fees, costs and expenses due to such third party shall be payable by the Portfolio Option Holder only); and

- (b) the relevant purchaser enters into a servicing agreement with Funding Circle on substantively the same terms as the Servicing Agreement and accepts the Funding Circle Standard Asset Documentation as available on <https://www.fundingcircle.com/uk/legal/> from time to time, and enters into a data processing agreement with Funding Circle.

**“Portfolio Sale Minimum Purchase Price”** means the amount required to redeem the Notes (other than the Class Z Notes) together with accrued and unpaid interest thereon and to meet the Issuer’s payment obligations of a higher priority under the Post-Acceleration Priority of Payments on the Portfolio Option Exercise Date (taking account of any amounts expected to be held by the Issuer on the Portfolio Option Exercise Date).

**“Portfolio Sale Purchase Price”** means the amount paid by the Portfolio Option Holder or a third party purchaser in respect of a Portfolio Sale and which shall be at least equal to the Portfolio Sale Minimum Purchase Price.

**“Post-Acceleration Priority of Payments”** has the meaning given to it in Condition 9.3 (*Post-Acceleration Priority of Payments*).

**“Potential Event of Default”** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition would constitute an Event of Default.

**“Pre-Acceleration Interest Priority of Payments”** has the meaning given to it in Condition 9.1 (*Pre-Acceleration Interest Priority of Payments*).

**“Pre-Acceleration Principal Priority of Payments”** has the meaning given to it in Condition 9.2 (*Pre-Acceleration Principal Priority of Payments*).

**“Principal Amount Outstanding”** means, on any date, in relation to a Note, the initial principal amount of such Note, less the aggregate of all principal redemptions that have been paid by the Issuer in respect of that Note on or prior to that date.

**“Principal Deficiency Ledger”** means the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and/or the Class Z Principal Deficiency Ledger, as applicable.

**“Principal Paying Agency Agreement”** means the principal paying agency agreement entered into between the Issuer, the Trustee and the Principal Paying Agent on or before the Closing Date.

**“Principal Paying Agent”** means Citibank, N.A., London Branch.

**“Principal Proceeds”** means the Loan Receivable Proceeds other than Interest Proceeds.

**“Priority of Payments”** means the Pre-Acceleration Interest Priority of Payments, the Pre-Acceleration Principal Priority of Payments and/or the Post-Acceleration Priority of Payments, as applicable.

**“Prohibited Industry Loan”** means a Loan made to a Funding Circle Borrower which has been classified by Funding Circle as being in the defence equipment, pornography, betting or gambling industries.

**“Property Development Loan”** means a loan used to finance the development of real estate that is secured by way of an all assets security agreement, chattel mortgage and/or legal mortgage.

**“Property Finance Loan”** means a loan used to finance the acquisition of commercial real estate that is secured by way of a legal mortgage.

**“Prospectus Regulation”** means Regulation (EU) 2017/1129.

**“Provisional Loan Portfolio”** means the pool of Loan Receivables selected as at the Provisional Loan Portfolio Cut-Off Date.

**“Provisional Loan Portfolio Cut-Off Date”** means 31 July 2019.

**“Purchased Defaulted Receivable”** means Purchased Loan Receivables that have been transferred from the Issuer to FCTL in accordance with the Funding Circle Terms and Conditions for Investors, excluding (for the avoidance of doubt) any such Purchased Loan Receivable in respect of which Funding Circle has paid any applicable Remedy Amount pursuant to the Receivables Sale and Assignment Agreement.

**“Purchased Loan Receivables”** means the Great Trinity Purchased Loan Receivables and Glencar XI Purchased Receivables (and any of them, a **“Purchased Loan Receivable”**).

**“Purchase Price”** means an amount equal to sum of the Glencar XI Purchase Price and the Great Trinity Purchase Price.

**“Qualifying Collateral Trigger Rating”** means a long term counterparty risk assessment from Moody’s of “Baa2(cr)” or above, or (ii) if a counterparty risk assessment is not available for such entity, if its long term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

**“Qualifying Transfer Trigger Rating”** means (i) A long term counterparty risk assessment from Moody’s of “Baa3(cr)” or above, or (ii) if a counterparty risk assessment is not available for such entity, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “Baa1” or above by Moody’s.

**“Quarterly Investor Report”** means an investor report whose publication is procured by the Reporting Agent on behalf of the Issuer on a quarterly basis containing the information specified in Article 7(1)(e) of the Securitisation Regulation.

**“Quarterly Loan-by-Loan Report”** means a report containing certain loan by loan information in relation to the Loan Portfolio whose publication is procured by the Reporting Agent on behalf of the Issuer on a quarterly basis for the purposes of Article 7(1)(a) of the Securitisation Regulation.

**“Quarterly Reporting Date”** means the date falling 30 calendar days after the Note Payment Date falling in December, March, June and September of each year, or if such date is not a Business Day, the immediately preceding Business Day), commencing on the date falling 30 calendar days after the Note Payment Date falling in December 2019.

**“Rate of Interest”** has the meaning given to it in the Conditions.

**“Rated Notes”** means the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

**“Rating Agencies”** means S&P and Moody’s, and **“Rating Agency”** means either of them, as applicable.

**“Rating Agency Confirmation”** means in respect of any specified action, determination or appointment as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) from the relevant Rating Agency that the then current ratings of the Rated Notes will not be reduced, downgraded, qualified, adversely affected, suspended or withdrawn thereby or that, it would not place any Rated Notes on negative rating watch (or equivalent). No Rating Agency Confirmation shall be required from a Rating Agency in respect of any action, determination or appointment if such Rating Agency has declined a request from the Trustee or the Issuer to review the effect of action, determination or appointment or if such Rating Agency announces (publicly or otherwise) or confirms to the Trustee or the Issuer that a Rating Agency Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment or such Rating Agency has ceased to engage in the business of providing ratings or has made a public statement to the effect that it will no longer review events or circumstances of the type requiring a Rating Agency Confirmation under any Transaction Document or these Conditions for purposes of evaluating whether to confirm the then-current ratings (or initial ratings) of obligations rated by such Rating Agency, in which case a formal written notice to such Rating Agency shall suffice.

**“Receivables Sale and Assignment Agreement”** means the receivables sale and assignment agreement dated on or before the Closing Date between the Issuer, the Sellers, the Trustee and Funding Circle.

**“Receiver”** means a receiver, trustee, administrator, custodian, conservator, examiner, liquidator or other similar official.

**“Records”** means, with respect to any Loan Receivables, all documents (including the Loan Receivable Documentation), books and records relating to such Loan Receivable, any Related Security and the related

Obligors, which are necessary to enforce the Loan Receivable or the Related Security to which the relevant Funding Circle Investor is entitled.

“**Reference Screen**” means the Reuters 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 as may be determined by the Issuer.

“**Register**” means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the Principal Paying Agency Agreement.

“**Registrar**” means Citigroup Global Markets Europe AG.

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

“**Regulatory Event**” has the meaning given to it in the Conditions.

“**Related Security**” means, in relation to a Loan Receivable at any time, any Security Interest for or Personal Guarantee of the repayment of such Loan Receivable at such time.

“**Related Security Agreement**” means the agreement(s) pursuant to which Related Security has been created or granted and each other agreement that governs the terms of such Related Security.

“**Related Security Trust Property**” means the right, title and interest of the Security Holders in:

- (a) the Related Security;
- (b) proceeds of enforcement of the Related Security;
- (c) all and any other amounts received by it from an Obligor in respect of any Related Security;
- (d) the physical documentation constituting the Related Security Agreements; and
- (e) the benefit of any representations, warranties, covenants, undertakings and/or indemnities granted in its favour under the Related Security Agreements,

held on trust by the Security Holders for all persons entitled thereto in accordance with the Funding Circle Terms and Conditions for Investors (each as a beneficiary), pursuant to the Security Declaration of Trust.

“**relevant Irish Court**” means either Irish Circuit Court or Irish High Court, as applicable.

“**Remaining Senior Interest Deficiency**” means, on any Note Payment Date, an amount equal to any deficiency in the Available Interest Proceeds (other than paragraphs (f) to (g) of the definition thereof) to pay all items of the Pre-Acceleration Interest Priority of Payments up to and including an amount sufficient to pay all Interest Amounts then due and payable in respect of the then Most Senior Class of Notes, **provided that** no Available Principal Proceeds may be applied in order to cure a Remaining Senior Interest Deficiency if and to the extent the debit balance of the Principal Deficiency Ledger of the then Most Senior Class of Notes is or would exceed 100 per cent. of the then aggregate Principal Amount Outstanding of the then Most Senior Class of Notes.

“**Remedy Amount**” means, in respect of an Affected Loan, as of the date on which the related Remedy Amount is paid, (i) the Collateral Principal Balance of such Affected Loan as at the Loan Portfolio Cut-Off Date, *less* (ii) any principal amounts received by the Issuer in respect of such Affected Loan since the Loan Portfolio Cut-Off Date, plus (iii) any accrued and unpaid interest on such Affected Loan as at the date on which the Remedy Amount is paid.

“**Remedy Date**” means, in respect of an Affected Loan Event, the date the relevant Remedy Amount shall be payable being a date falling no later than 30 calendar days following the date on which the Funding Circle, Glencar XI (in its capacity as a Seller) or Great Trinity (as applicable) becomes aware of such Affected Loan Event.

“**Repayment Amount**” means the Class A Repayment Amount, the Class B Repayment Amount, the Class C Repayment Amount, the Class D Repayment Amount, the Class E Repayment Amount and/or the Class Z Repayment Amount, as applicable.

“**Replacement Swap Agreement**” means an agreement between the Issuer and a replacement Interest Rate Cap Provider to replace an Interest Rate Cap.

“**Replacement Swap Premium**” means an amount paid (i) to the Issuer by a replacement Interest Rate Cap Provider; or (ii) by the Issuer to a replacement Interest Rate Cap Provider, upon entry by the Issuer into an agreement with such replacement Interest Rate Cap Provider to replace the outgoing Interest Rate Cap Provider.

“**Reporting Cut-Off Date**” means the last day of each calendar month.

“**Reporting Agency Agreement**” means a reporting agency agreement entered into between, among others, the Reporting Agent and the Issuer on or about the Closing Date.

“**Reporting Agent**” means Funding Circle Ltd.

“**Reporting Date**” means each date falling three Business Days after a Reporting Cut-Off Date.

“**Requisite Majority**” means the Noteholders representing at least 75 *per cent.* of the aggregate Principal Amount Outstanding of the Class or Classes of Notes Outstanding.

“**Resolution**” has the meaning set out in paragraph 1(f) of Part 1 of Schedule 4 (*Provisions for Meetings of the Noteholders of each Class*) of the Trust Deed.

“**Retention Holders**” means Funding Circle Ltd and Glencar Investments XI Designated Activity Company (and each a “**Retention Holder**”).

“**Retention Note Subscription Agreement**” means the subscription agreement in respect of the Notes to be acquired by the Retention Holders between, among others, the Issuer and Retention Holders, dated on or before the Closing Date.

“**Retention Notes**” means the Notes purchased by the Retention Holders pursuant to the Retention Note Subscription Agreement.

“**Revocation Event**” means a Servicing Termination Event in respect of which notification has been given by the Issuer or Trustee, such notification not necessarily in the form of a Termination Notice.

“**Revocation Notice**” means a written notice substantially in the form set out in Annex 1 (*Form of Revocation Notice*) to Schedule 1 (*Notice of Declaration of Trust*) of the Collection Account Declaration of Trust.

“**Risk Band**” means the risk band assigned to Funding Circle Borrowers by Funding Circle in accordance with the Funding Circle Lending Policy.

“**S&P**” means S&P Global Ratings Europe Limited and any successor or successors thereto.

“**Secured Creditor**” or “**Secured Creditors**” means each Noteholder, the Trustee, any Receiver or other Appointee, the Registrar, the Issuer Account Bank, the Principal Paying Agent, any Successor Servicing and Collection Agent (as defined in the Servicing Agreement), Funding Circle Ltd acting in its various capacities under the Transaction Documents to which it is a party, the Security Holders, the Subordinated Loan Providers, the Back-Up Servicing and Collection Agent, the Cash Manager and Calculation Agent, the Reporting Agent, the Sellers, the Corporate Services Provider and the Interest Rate Cap Provider.

“**Secured Obligations**” means any and all moneys and Liabilities owed by the Issuer to each Secured Creditor pursuant to the Notes and each Transaction Document and all claims, demands and damages for breach of any such obligations or covenant.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Securitisation Regulation**” means Regulation (EU) 2017/2402 of the European Parliament and Council of 12 December 2017 (together with any regulatory and implementing technical standards supplementing such regulation from time to time and official guidance related thereto).

“**Security**” means the security created pursuant to the Charge and Assignment.

“**Security Declaration of Trust**” means the security declaration of trust in relation to the Related Security between the Security Holders, the Issuer and the Trustee dated on or before the Closing Date.

“**Security Holders**” means Funding Circle and FCTL.

“**Security Interest**” means with respect to any asset, any mortgage, trust, lien, pledge, hypothecation, encumbrance, charge or other security interest in, on, over or of such asset.

“**Sellers**” means Great Trinity Lending 1 Designated Activity Company and Glencar Investments XI Designated Activity Company (and each, a “**Seller**”).

“**Seller Asset Warranty Affected Loan**” means a Purchased Loan Receivable in respect of which the Seller Asset Warranty was breached as at the Loan Portfolio Cut-Off Date or the Closing Date, as applicable.

“**Seller Asset Warranty**” means the representation and warranty of (a) Glencar XI (in its capacity as a Seller) and solely with respect to the Glencar XI Purchased Loan Receivables; and (b) Great Trinity, solely with respect to the Great Trinity Purchased Loan Receivables, that each such Purchased Loan Receivable:

- (a) as of the Loan Portfolio Cut-Off Date, is not a Loan Receivable in respect of which any payment of interest or principal or any other amount due and payable thereunder, or part thereof, remains unpaid for more than 5 calendar days past its original due date (including any Loan Receivable that is the subject of a Short Term Payment Plan) other than a Defaulted Loan;
- (b) as of the Loan Portfolio Cut-Off Date, is not a Defaulted Loan; and
- (c) as of the Closing Date, the related Funding Circle Borrower has made at least one scheduled monthly payment under the Loan.

“**Seller Records**” means, with respect to any Loan Receivable, Records relating to such Loan Receivable which are held by or within the control of the relevant Seller, including Records held on behalf of the Issuer pursuant to Clause 5.6(b) (*Records*) of the Receivables Sale and Assignment Agreement.

“**Senior Expenses**” means any expenses of the Issuer which rank in priority to the Most Senior Class of Notes in the relevant Priority of Payments.

“**Senior Interest Deficiency**” means, on any Note Payment Date, any deficiency in the Available Interest Proceeds (for this purpose, without any regard to paragraphs (e) to (h) of the definition thereof) available to pay all items of the Pre-Acceleration Interest Priority of Payments up to and including an amount sufficient to pay all Interest Amounts then due and payable in respect of the then Most Senior Class of Notes on such Note Payment Date.

“**Sequential Amortisation Trigger Event**” shall occur on the earliest to occur of:

- (a) the date on which the aggregate of the Net Principal Amount Outstanding of each Class of Notes (other than the Class X Notes) prior to payment being made on the immediately following Note Payment Date is equal to or less than 60 *per cent.* of the Principal Amount Outstanding of all of the Notes (other than the Class X Notes) as at the Closing Date;
- (b) the date on which the Aggregate Collateral Principal Balance of all Purchased Loan Receivables which have become Defaulted Loans since the Loan Portfolio Cut-Off Date (such Aggregate Collateral Principal Balance determined as at the dates on which any such Purchased Loan Receivable first became a Defaulted Loan) divided by the Aggregate Collateral Principal Balance of the Purchased Loan Receivables as of the Loan Portfolio Cut-Off Date exceeds the trigger level as set out in the table below:

Note Payment Date following Closing Date	Trigger Level
<i>First</i>	2.5%
<i>Second</i>	3.5%



<i>Third</i>	4.5%
<i>Fourth</i>	5.0%
<i>Fifth</i>	5.5%
<i>Sixth</i>	6.0%
<i>Seventh</i>	6.5%
<i>Eighth</i>	7.0%
<i>Ninth and onwards</i>	7.5%

- (c) on any Note Payment Date after the first date on which the credit balance of the Cash Reserve Account was equal to or greater than the Cash Reserve Required Amount, the credit balance of the Cash Reserve Account is less than the Cash Reserve Required Amount (after giving effect to any payments to be made by the Issuer on such date);
- (d) the date on which Compounded Daily SONIA exceeds 2%; or
- (e) the date falling 2 years from the Closing Date.

“**Sequential Order**” means the following order: *first*, to the Class A Notes until the Class A Notes have been redeemed in full, *second*, to the Class B Notes until the Class B Notes have been redeemed in full, *third*, to the Class C Notes until the Class C Notes have been redeemed in full, *fourth*, to the Class D Notes until the Class D Notes have been redeemed in full, *fifth*, to the Class E Notes until the Class E Notes have been redeemed in full, *sixth*, to the Class X Notes until the Class X Notes have been redeemed in full, and *seventh*, to the Class Z Notes until the Class Z Notes have been redeemed in full.

“**Servicer Disruption**” means a failure by the Servicing and Collection Agent to provide the Servicing Report on any Reporting Date in accordance with the terms of the Servicing Agreement.

“**Services**” means the obligations and duties of the Servicing and Collection Agent under the Servicing Transaction Documents and the exercise of its rights thereunder.

“**Servicing Agreement**” means the Servicing Agreement between, among others, the Servicing and Collection Agent and the Issuer dated on or before the Closing Date.

“**Servicing and Collection Agent**” means Funding Circle Ltd.

“**Servicing and Collection Agent Indemnified Amounts**” means an indemnity received on demand from the Servicing and Collection Agent by the Issuer and/or the Trustee against any Liability properly incurred by the Issuer and/or the Trustee (as applicable) arising out of or resulting from any material breach of the Servicing Agreement by the Servicing and Collection Agent or the Servicing and Collection Agent’s negligence, wilful default or fraud in connection with the Servicing Agreement, subject to the terms of the Servicing Agreement.

“**Servicing Insolvency Event**” means the occurrence of any of the events specified in paragraphs (g) and (h) of the definition of Servicing Termination Event.

“**Servicing Report**” means a report furnished by the Servicing and Collection Agent pursuant to clause 5.1 (*Servicing Report*) of the Servicing Agreement substantially in the form attached as Schedule 2 (*Form of Servicing Report*) to the Servicing Agreement, as such form may be amended from time to time by agreement in writing between the parties thereto.

“**Servicing Termination Event**” or “**Servicing Termination Events**” has the meaning given to it in clause 8.2 (*Servicing Termination Event*) of the Servicing Agreement.

“**Servicing Transaction Document**” means the Servicing Agreement, the Security Declaration of Trust, the Collection Account Declaration of Trust and the Funding Circle Mandate Letter.

“**Short Term Payment Plan**” means any short-term payment plan agreed by the Servicing and Collection Agent with a Funding Circle Borrower in respect of a Loan Receivable in accordance with the Funding Circle Policies, pursuant to which the Servicing and Collection Agent agrees that the Funding Circle Borrower may defer payment of interest and/or principal on such Loan Receivable for up to three months, with the Funding Circle Borrower’s scheduled repayment plan under the relevant Loan Agreement being adjusted to recover the relevant payments across the remaining life of the Loan Receivable without any adjustment to the final payment date of such Loan Receivable.

“**SMEs**” means small and medium-sized enterprises.

“**SONIA**” means Sterling Overnight Index Average.

“**SONIA Reference Rate**” means, in respect of any Banking Day, a reference rate equal to the daily SONIA rate for such Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Reference Screen or, if the Reference Screen is unavailable, as otherwise published by such authorised distributors (on the Banking Day immediately following such Banking Day).

If in respect of any Banking Day in the relevant Observation Period, the Cash Manager and Calculation Agent determines that the SONIA Reference Rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spreads (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

“**Specified Office**” means, with respect to a Transaction Party, such office as may from time to time be duly notified pursuant to Condition 10 (*Notifications*).

“**Sterling**”, “**pounds**”, “**GBP**” and “**£**” means the lawful currency of the United Kingdom.

“**STS Assessment**” means, together with the STS Verification, an assessment of compliance of the Notes with the relevant provisions of Article 243 of the CRR and Article 13 of the LCR Regulation provided by PCS, as a verification agent authorised under article 28 of the Securitisation Regulation.

“**STS Notification**” means a notification to the ESMA in accordance with article 27 of the Securitisation Regulation that the requirements of articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to the Notes.

“**STS Requirements**” means the requirements of articles 19 to 22 of the Securitisation Regulation.

“**STS Verification**” means an assessment of the compliance of the Notes with the requirements of articles 19 to 22 of the Securitisation Regulation.

“**STS Verification Agent**” means Prime Collateralised Securities (PCS) UK Limited with registered office at 40 Gracechurch Street, London EC3V 0BT.

“**Subordinated Loans**” means the loans made by (i) Funding Circle as a Subordinated Loan Provider; and (ii) Glencar XI as a Subordinated Loan Provider, in each case, to the Issuer pursuant to the Subordinated Loan Agreement (and each, a “**Subordinated Loan**”).

“**Subordinated Loan Agreement**” means the subordinated loan agreement entered into by the Issuer and the Subordinated Loan Providers dated on or about the Closing Date.

“**Subordinated Loan Providers**” means Funding Circle Ltd and Glencar Investments XI Designated Activity Company (and each a “**Subordinated Loan Provider**”).

“**Subscription Agreement**” means the subscription agreement between the Issuer, the Arranger, the Joint Lead Managers and the Retention Holders dated on or before the Closing Date.

“**Successor Servicing and Collection Agent**” has the meaning given to it in the Servicing Agreement.

**“Swap Collateral”** means an amount equal to the value of collateral (other than Excess Swap Collateral and collateral previously returned to the Interest Rate Cap Provider) provided by the Interest Rate Cap Provider to the Issuer under the Interest Rate Cap and includes any interest, distributions and liquidation proceeds in respect thereof.

**“Swap Collateral Account”** means any account in respect of cash described as such established in the name of the Issuer with the Issuer Account Bank pursuant to the Account Bank Agreement or any account in respect of securities described as such and established in the name of the Issuer with a Custodian pursuant to a Swap Collateral Custody Agreement.

**“Swap Collateral Cash Account”** means any Swap Collateral Account opened and maintained solely for the purpose of holding Swap Collateral in the form of cash.

**“Swap Collateral Custody Agreement”** means any agreement entered into by the Issuer pursuant to which the Issuer appoints a custodian to hold any Swap Collateral posted under the Interest Rate Cap to the extent such Swap Collateral is in the form of securities credited to the Swap Collateral Account.

**“Swap Notional Amount”** means the notional amount under the Interest Rate Cap.

**“Swap Securities Collateral”** means any Swap Collateral in the form of securities.

**“Swap Securities Collateral Account”** means any securities account to be opened from time to time by the Issuer with any Custodian in which any Interest Rate Cap Provider posts Swap Securities Collateral in accordance with the Interest Rate Cap.

**“Swap Subordinated Amounts”** means any termination payment due to the Interest Rate Cap Provider which arises due to either (i) an Event of Default (as defined in the Interest Rate Cap) where the Interest Rate Cap Provider is the Defaulting Party (as defined in the Interest Rate Cap) or (ii) an Additional Termination Event which occurs as a result of an Interest Rate Cap Provider Downgrade Event.

**“Swap Tax Credits”** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities in any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Interest Rate Cap Provider to the Issuer.

**“Swap Termination Payment”** means any payment due to the Issuer or an Interest Rate Cap Provider upon the early termination of a transaction under the Interest Rate Cap to which such Interest Rate Cap Provider is a party.

**“Tax”** or **“Taxes”** or **“Taxation”** means all present and future forms of taxation, duties, rates, levies, contributions, withholdings, deductions, liabilities to account, charges, surcharges and imposts whether imposed in Ireland or elsewhere in the world, and all penalties, charges, surcharges, costs and interest relating thereto or otherwise imposed by any taxing authority.

**“Tax Authority”** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world, including HMRC and the Revenue Commissioners of Ireland.

**“Tax Deduction”** means any withholding or deduction for or on account of any Tax that is required by Applicable Law (including FATCA).

**“Tax Event”** has the meaning given to it in the Conditions.

**“Termination Notice”** means a termination notice given by the Issuer or the Trustee to the Servicing and Collection Agent that the appointment of the Servicing and Collection Agent shall automatically terminate in accordance with the Servicing Agreement.

**“Transaction”** means the transaction contemplated by the Transaction Documents.

**“Transaction Documents”** means the Account Bank Agreement, the Servicing Agreement, the Cash Management and Calculation Agency Agreement, the Principal Paying Agency Agreement, the Collection Account Declaration of Trust, the Security Declaration of Trust, the Corporate Services Agreement, the Charge and Assignment, the Trust Deed, the Back-Up Servicing Agreement, the Receivables Sale and Assignment Agreement, the Conditions, the Interest Rate Cap, the Funding Circle Mandate Letter, the Subordinated Loan

Agreement, the Issuer/ICSD Agreement, the Payment Netting Agreement, any Swap Collateral Custody Agreement, the Reporting Agency Agreement and the Master Framework Agreement.

“**Transaction Party**” means any person who is a party to a Transaction Document and “**Transaction Parties**” means some or all of them.

“**Transfer Certificate**” means a transfer certificate in respect of a Loan Receivable in substantially the form set out in Schedule 5 (*Form of Transfer Certificate*) of the Receivables Sale and Assignment Agreement.

“**Transparency RTS**” means the regulatory technical standards to be adopted by the European Commission pursuant to Article 7(3) of the Securitisation Regulation specifying the information to be made available for the purposes of the obligations set out in Article 7(1)(a) and (e) of the Securitisation Regulation.

“**Trust Corporation**” means a corporation entitled by rules made under the Public Trustee Act 1906 or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

“**Trust Deed**” means a Trust Deed entered into between the Issuer, the Trustee the Principal Paying Agent and the Registrar on or before the Closing Date and any schedules and trust deed supplemental thereto, all as from time to time modified in accordance with the provisions set out therein.

“**Trust Property**” means all amounts from time to time standing to the credit of the Collection Account and any rights of the Collection Account Holder in respect of those credit balances and the indebtedness represented by them.

“**Trustee**” means Citibank, N.A., London Branch or any of its permitted successors or assigns.

“**U.S. Risk Retention Waiver**” means a written waiver from the Retention Holders in respect of any sale or distribution of the Notes to Risk Retention U.S. Persons on the Closing Date.

“**UK Data Protection Legislation**” means any data protection legislation from time to time in force in the UK including the Data Protection Act 1998 or 2018 or any successor legislation.

“**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland.

“**VAT**” means any tax imposed in conformity with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in relation to Ireland, value added tax imposed by the Value Added Tax Consolidation Act 2010 and legislation supplemental thereto) and any other tax of a similar fiscal nature substituted for, or levied in addition to such tax whether in the European Union or elsewhere in any jurisdiction together with any interest and penalties thereon.

“**Waterfall**” means Waterfall Asset Management, LLC.

“**Written Resolution**” has the meaning given thereto in paragraph 13 (*Written Resolutions*) of Schedule 4 (*Provisions for Meetings of the Noteholders of Each Class*) of the Trust Deed.

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