

FINAL TERMS DATED 1 JUNE 2010

(to the Base Prospectus dated 27 May 2010)

Penarth Master Issuer plc

(incorporated under the laws of England and Wales with limited liability under registered number 6615304)

Issuer

Bank of Scotland plc

Sponsor, Transferor and Servicer

Issue of £1,000,000,000 Class A Asset Backed Floating Rate Notes due 2013 under

the Penarth Medium Term Note Programme

(ultimately backed by trust property in the Penarth Receivables Trust)

The Issuer will issue	Class A Notes
Principal Amount	£1,000,000,000
Interest Rate	CP Funding Cost plus Margin <i>or</i> Liquidity Funding Margin plus Margin
Maximum Interest Rate	LIBOR plus 2.00 per cent.
Interest Payment Dates	On the 18 th day of each month, in each case subject to adjustment for non Business Days
Scheduled Redemption Date	18 May 2013
Final Redemption Date	18 May 2015
Price to public	£1,000,000,000 (or 100 per cent.)
Proceeds to Sponsor	£1,000,000,000 (or 100 per cent.)

Payments on the class B notes are subordinated to payments on the class A notes. Payments on the class C notes are subordinated to payments on the class A and class B notes. Payments on the class D notes are subordinated to payments on the class A notes, class B notes and class C notes.

The notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to "**U.S. Persons**" (within the meaning of Regulation S of the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The notes may only be offered, sold or delivered (i) to non U.S. Persons (as defined in Regulation S) outside the United States in reliance on Regulation S (the "**Regulation S Notes**") and (ii) (a) within the United States in reliance on Rule 144A under the Securities Act ("**Rule 144A**") only to persons that are "qualified institutional buyers" (each a "**QIB**") within the meaning of Rule 144A (the "**Rule 144A Notes**") and (b) within the United States in reliance on Rule 506 of Regulation D under the Securities Act (the "**Registered Uncleared Notes**").

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

The Issuer has not registered and does not intend to register as an investment company under the United States Investment Company Act of 1940, as amended (the "Investment Company Act").

Please review and carefully consider the Risk Factors beginning on page 19 of the Base Prospectus before purchasing any notes.

Prospective investors should read these Final Terms and the Base Prospectus carefully before making investment. A note is not a deposit and neither the notes nor the underlying Receivables are insured or guaranteed by a Bank of Scotland plc or by any United Kingdom or United States governmental agency. The notes offered in these Final Terms and the Base Prospectus will be obligations of the Issuer only. The Issuer will only have a limited pool of assets to satisfy its obligations under the notes. The notes will not be obligations of Bank of Scotland plc, or any of its affiliates.

Registered Uncleared Notes of each class will be represented on issue by one or more registered individual note certificates (each a "**Registered Uncleared Note Certificate**") in fully registered form, without interest coupon attached, which must be registered in the name of the applicable note purchaser. In each case, purchasers and transferees of notes will be deemed to have made certain representations and agreements. See "*Forms of the notes*" and "*Plan of Distribution*" in the Base Prospectus and "*Purchase and Transfer Restrictions*" in these Final Terms.

Arranger



IMPORTANT NOTICES

In the event that any withholding or deduction for any taxes, duties, assessments or government charges of whatever nature is imposed, levied, collected, withheld or assessed on payments of principal or interest in respect of the notes by Jersey, the United Kingdom, or any other jurisdiction or any political subdivision or any authority in or of such jurisdiction having power to tax, the Issuer or the Paying Agents on behalf of the Issuer shall make such payments after such withholding or deduction and neither the Issuer nor the Paying Agents will be required to make any additional payments to Noteholders in respect of such withholding or deduction.

This document constitutes the Final Terms for the purposes of Article 5.4 of the Prospectus Directive and is supplemental to and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the specified offices of the Principal Paying Agent and copies may be obtained from the specified offices of the Principal Paying Agent.

The Issuer has confirmed to each note purchaser that these Final Terms, when read in conjunction with the Base Prospectus, contains all information which is (in the context of the Programme, the issue, offering and sale of the notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed in these Final Terms are honestly held or made and are not misleading in any material respect; that these Final Terms does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering and sale of the notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with these Final Terms or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

No representation or warranty is made or implied by any note purchaser or any of its respective affiliates and neither any note purchaser nor any of its respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in these Final Terms. Neither the delivery of these Final Terms nor the offering, sale or delivery of the Series 2010-A1 Notes shall, in any circumstances, create any implication that the information contained in these Final Terms is true subsequent to the date hereof or the date upon which any future Final Terms (in relation to any future issue of other notes) are produced or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which any future Final Terms (in relation to any future issue of other notes) are produced or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No request has been made for a certificate permitting public offers of the notes in other member states of the European Union.

The distribution of these Final Terms and the offering, sale and delivery of the notes in certain jurisdictions may be restricted by law. Persons in possession of the Final Terms are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of notes and on the distribution of these Final Terms and other offering material relating to the notes, see "*Plan of Distribution*" in the Base Prospectus and these Final Terms.

Certain figures included in these Final Terms have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The information about these Series 2010-A1 Notes appears in two separate documents: a Base Prospectus and these Final Terms. The Base Prospectus provides general information about each Note Series issued under the Programme, some of which may not apply to the Series 2010-A1 Notes described in these Final Terms. With respect to the Series 2010-A1 Notes, these Final Terms are the "relevant Prospectus

Supplement/Final Terms" or the "applicable Prospectus Supplement/Final Terms" referred to in the Base Prospectus.

These Final Terms may be used to offer and sell the Series 2010-A1 Notes only if accompanied by the Base Prospectus.

These Final Terms may supplement the disclosure in the Base Prospectus. If the terms in these Final Terms differ from the terms in the Base Prospectus, the terms in these Final Terms will apply to the Series 2010-A1 Notes.

Prospective investors should rely only on the information in these Final Terms and the Base Prospectus, including information incorporated by reference. The Issuer has not authorised anyone to provide investors with different information.

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TRANSACTION FEATURES

The following is qualified in its entirety by the Base Prospectus. Words and expressions defined in the Base Prospectus shall have the same meanings below.

NOTE SERIES

Series Number:	Series 2010-A1
Class of Note:	Class A
Issue Date:	2 June 2010
Issue Price:	100 per cent.
Ratings:	Standard & Poor's (AAA)/Fitch Ratings (AAA)/Moody's (Aaa)
Principal Amount:	£1,000,000,000
Net Proceeds:	£1,000,000,000
Specified Currency:	Notes are to be denominated in Sterling
Fixed, Floating or other interest type Designation:	Commercial Paper Cost of Funds Notes
Scheduled Redemption Date:	18 May 2013
Final Redemption Date:	18 May 2015
Rate of Interest:	CP Funding Cost plus Margin <i>or</i> Liquidity Funding Margin plus Margin
CP Funding Cost:	To be determined in accordance with Condition 6(l)
Margin (if applicable):	0.85 per cent.
Liquidity Funding Margin (if applicable):	To be determined in accordance with Condition 6(l) and the percentage per annum will be 1 month Sterling LIBOR plus 0.75 per cent.
Maximum Interest Rate (if applicable):	1 month Sterling LIBOR plus 2.00 per cent.
Day Count Fraction[s]:	Actual/365 (Fixed)
Interest Determination Date:	Each Interest Payment Date
Distribution Date:	On the 18 th day of each month, in each case subject to adjustment for non-Business Days
First Interest Payment Date:	18 July 2010
Floating Rate Commencement Date (if applicable):	Not applicable
Regular Interest Payment Dates:	On the 18 th day of each month, in each case subject to adjustment for non-Business Days
Interest Rate Calculations:	Condition 6(l)
LIBOR:	To be determined in accordance with Condition 6(a)

Redenomination, Renominalisation and Reconventioning:	Yes
Indication of Yield:	Not applicable
Additional Details of Related Swap Agreement (if any):	Not applicable
Denomination:	£50,000 and amounts in excess thereof which are integral multiples of £1,000
Listing:	The London Stock Exchange - Regulated Market
Clearing and Settlement:	Not applicable
Other External Credit Enhancement:	None
Additional Business Centre(s):	None
Additional Financial Centre(s):	Chicago, Illinois
Business Day:	Not applicable
Business Day Convention:	Modified Following Business Day Convention
Form of notes:	Registered Notes: Registered Uncleared Note Certificates registered in the name of the note purchasers.
Call Date:	Any Interest Payment Date, provided that if the Issuer intends to redeem the Series 2010-A1 Notes at a time when the Rate of Interest is not determined by reference to the Liquidity Funding Margin, then, in addition to the provisions of Condition 7(c), the Issuer shall give no less than 60 days' prior written notice to the note purchasers.
Debt or Equity for US taxation purposes:	Debt
Issued with Original Issue Discount for US taxation purposes:	No
Estimated total expenses related to admission to trading:	£3,650
Additional Events of Default:	None
Screen Rate:	No
Redemption Period End Date:	Not applicable
Minimum Adjusted Transferor Interest:	6% or such lower percentage as the Servicer may certify in its opinion formed on the basis of due consideration, such reduction will not result in a reduction or withdrawal of each Rating Agency's then current rating of any outstanding Associated Debt

LOAN NOTE SUPPORTING SERIES

The notes of this Note Series will be collateralised by the Class A (2010-A1) Loan Note (the "**Related Loan Note**") which shall have the following terms as set out in the Class A 2010-A1 Loan Note Supplement.

Designation for the purposes of the STDCMA:	Class A
Issuance Date:	2 June 2010
Initial Principal Amount:	£1,000,000,000
Class A Required Subordinated Percentage:	25.60 per cent.
First Monthly Period End Date:	30 June 2010
First Loan Note Interest Payment Date:	18 July 2010
Loan Note Interest Payment Date:	18 July 2010 and each Distribution Date thereafter up to and including the Distribution Date falling in May 2015.
Loan Note Interest Period:	From, and including, a Loan Note Interest Payment Date or, for the first Loan Note Interest Period, the Issuance Date, to, but excluding, the next Loan Note Interest Payment Date.
Loan Note Interest Rate:	CP Funding Cost plus Margin <i>or</i> Liquidity Funding Margin plus Margin
Scheduled Redemption Date:	18 May 2013
Stated Monthly Accumulation Amount:	£83,333,334
Final Redemption Date:	18 May 2015
Additional Early Redemption Events:	None
Required Accumulation Reserve Account Amount:	On any Transfer Date on or after the Accumulation Reserve Account Funding Date, 2.25 per cent. of the Outstanding Principal Amount of the Class A (2010-A1) Loan Note as of the close of business on the last day of the preceding Monthly Period.
Additional Junior Cost Items:	None
Series Cash Reserve Account	Yes
Accumulation Period Commencement Date:	18 May 2012
Programme Reserve Account Percentage:	0 per cent.

The Related Loan Note will have a Loan Note Revolving Period and an Accumulation Period and may have an Amortisation Period as more fully described in the Base Prospectus.

The "**Accumulation Period Commencement Date**" means in respect of the Related Loan Note, the first day of the month that is 12 whole months prior to the Scheduled Redemption Date for the Related Loan

Note **provided, however that**, if the Accumulation Period Length for such Loan Note is less than 12 months, the Accumulation Period Commencement Date will be the first day of the month that is the number of whole months prior to such Scheduled Redemption Date at least equal to the Accumulation Period Length and, as a result, the number of Monthly Periods during the period from the Accumulation Period Commencement Date to such Scheduled Redemption Date will be at least equal to the number of months comprising the Accumulation Period Length.

The "**Class A (2010-A1) Reserve Account Percentage**" shall be determined as follows: (i) if the Originator Rating Trigger is satisfied, the Class A (2010-A1) Reserve Account Percentage shall be 0.00 per cent., or (ii) if the Originator Rating Trigger has been breached, the Class A (2010-A1) Reserve Account Percentage shall be 3.9%.

The "**Originator Rating Trigger**" means the (i) short term unsecured and unguaranteed debt rating of Bank of Scotland of at least P-1 by Moody's and (ii) long term unsecured and unguaranteed debt rating of Bank of Scotland of at least A-2 by Moody's.

The "**Release Date**" means the earlier to occur of (i) the Scheduled Redemption Date (or any Transfer Date thereafter) on which the Nominal Liquidation Amount for the Related Loan Note is reduced to zero and (ii) the Final Redemption Date. On the Release Date an amount equal to the lesser of (i) the Available Series Cash Reserve Account Amount for the Related Loan Note, (ii) the Available Programme Reserve Account Amount and (iii) the Nominal Liquidation Amount Deficit for the Related Loan Note, will be paid by Loan Note Issuer No.1 to the Issuer in respect of the Related Loan Note.

The "**Required Series Cash Reserve Account Amount**" means on any Transfer Date in respect of the Related Loan Note, an amount equal to the product of (i) the Class A (2010-A1) Reserve Account Percentage for such Transfer Date multiplied by (ii) the Nominal Liquidation Amount of the Related Loan Note as of the close of business on the last day of the preceding Monthly Period.

PARTIES

Arranger:	Lloyds TSB Bank plc
Issuer:	Penarth Master Issuer plc
Note Trustee:	Deutsche Bank Trust Company Americas
Principal Paying Agent, Calculation Agent and Paying Agent for the notes:	Deutsche Bank AG, London branch. The Principal Paying Agent will make payments of interest and principal when due on the notes. The Principal Paying Agent's address in London is, at the date of these Final Terms, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.
US Paying Agent and Registrar:	Deutsche Bank Trust Company Americas whose address in New York is, at the date of these Final Terms, 60 Wall Street, New York, NY 10005, United States of America.
Custodian:	No
CP Calculation Agent:	JPMorgan Chase Bank, N.A.
Receivables Trustee:	Penarth Receivables Trustee Limited
Loan Note Issuer No.1:	Penarth Funding 1 Limited
Sponsor, Transferor and Transferor Beneficiary:	Bank of Scotland plc
Security Trustee:	Deutsche Bank Trust Company Americas
Cash Manager:	Bank of Scotland plc
Servicer:	Bank of Scotland plc

OTHER NOTE SERIES ISSUED

The table below sets forth the principal characteristics of the other series previously issued by the Issuer that are outstanding at the date of these final terms, in connection with the receivables trust and the receivables assigned by the Transferor.

Note Series	Ratings (S&P/Fitch/Moody's)	Issuance Date	Tranche Size	Note Interest Rate	Scheduled Redemption Date	Final Redemption Date
Series 2008-2A	AAA/AAA/ N/A	16 October 2008	£1,350,000,000	0.10 per cent. per annum plus 1 month LIBOR	18 October 2011	18 October 2013

ADDITIONAL RISK FACTORS

None.

BANK PORTFOLIO INFORMATION

The following tables show information relating to the historic performance of Eligible Accounts originated using Bank of Scotland's underwriting criteria. The Receivables from certain of these accounts will ultimately back the notes and comprise the Receivables Trust (the "**Securitised Portfolio**"). As mentioned in the Base Prospectus, a member of the Lloyds Banking Group may accede to the RSD as an Additional Transferor subject to certain conditions being satisfied. Data as of 31 March 2010 in respect of the current credit cards portfolio of Lloyds TSB Bank plc is available at http://www.lloydsbankinggroup.com/investors/debt_investors.asp.

Receivable Yield Considerations

The following table sets forth the gross revenues from finance charges and fees billed to Accounts in the Bank Portfolio for each of the years ended 31 December 2005, 2006, 2007, 2008 and 2009, and for the 3 months ended 31 March 2010. These revenues vary for each account based on the type and volume of activity for each account. The historical yield figures in these tables are calculated on an accrual basis. Collections of Receivables included in Penarth Receivables Trust will be on a cash basis and may not reflect the historical yield experience in the table. For further detail, please see the Base Prospectus.

Bank Portfolio Yield

	YTD March 2010	2009	2008	2007	2006	2005
Average Monthly Accrued Finance Charges and Fees ^(1,4)	£89,461,296	£87,707,721	£91,607,494	£90,065,589	£90,360,515	£85,624,220
Average Receivables Outstanding ⁽²⁾	£6,183,083,978	£6,016,787,470	£6,126,254,786	£6,201,737,341	£6,569,622,225	£6,257,212,515
Yield from Charges and Fees ^(3,5)	17.6%	17.5%	17.9%	17.4%	16.5%	16.4%
Yield from Interchange ⁽³⁾ ...	1.0%	1.1%	1.2%	1.1%	1.0%	1.2%
Yield from Charges, Fees and Interchange ⁽⁵⁾	18.6%	18.6%	19.1%	18.5%	17.5%	17.6%

Notes:

- (1) Finance Charges and Fees are comprised of Monthly Periodic charges and other credit card fees - this is the average accrued monthly balance.
- (2) Average receivables outstanding includes principal and finance charges, and excludes receivables charged off.
- (3) Yield from charges and fees includes interest income, late fees, forex fees, credit insurance, card protection insurance, overlimit fees, cash advance fees, ATM fees, Balance Transfer fees and other fees related to credit cards.
- (4) 2009 average monthly Finance Charges includes a one off provision of £47m in total for the year for payment protection insurance redress.
- (5) All ratios are annualised.

Delinquency and Loss Experience

The following tables set forth the delinquency and loss experience for each of the periods shown for the Bank Portfolio of credit card accounts. The Bank Portfolio's delinquency and loss experience is comprised of segments which may, when taken individually, have delinquency and loss characteristics different from those of the overall Bank Portfolio of credit card accounts. Because the Securitized Portfolio is only a portion of the Bank Portfolio, actual delinquency and loss experience with respect to the Receivables comprised therein may be different from that set forth below for the Bank Portfolio. There can be no assurance that the delinquency and loss experience for the Securitized Portfolio in the future will be similar to the historical experience of the Bank Portfolio set forth below. For further detail, please see the Base Prospectus.

DELINQUENCY EXPERIENCE

Bank Portfolio

(non percentage amounts are expressed in sterling)

	YTD March 2010	%	2009	%	2008	%	2007	%	2006	%	2005	%
Receivables Outstanding.....	£6,110,287,621		£6,256,781,109		£6,043,800,384		£6,187,910,503		£6,455,665,694		£6,858,811,242	
Receivables Delinquent												
5-29	£136,047,833	2.2%	£171,899,718	2.7%	£201,192,439	3.3%	£227,026,653	3.7%	£273,643,833	4.2%	£268,581,957	3.9%
30-59	£78,724,463	1.3%	£83,273,613	1.3%	£99,239,437	1.6%	£105,652,904	1.7%	£96,047,252	1.5%	£89,712,706	1.3%
60-89	£59,958,466	1.0%	£71,798,127	1.1%	£78,806,035	1.3%	£77,334,594	1.2%	£65,658,846	1.0%	£60,923,146	0.9%
90+.....	£166,024,351	2.7%	£180,011,663	2.9%	£209,714,708	3.5%	£180,516,895	2.9%	£127,523,705	2.0%	£121,490,621	1.8%
Total.....	£440,755,112	7.2%	£506,983,121	8.1%	£588,952,619	9.7%	£590,531,046	9.5%	£562,873,635	8.7%	£540,708,430	7.9%

Notes:

- (1) Receivables outstanding represent end of period receivables.
(2) Receivables outstanding includes principal and finance charges, and excludes receivables charged off.

GROSS CHARGE-OFF EXPERIENCE

Bank Portfolio

(non percentage amounts are expressed in sterling)

	YTD March 2010	2009	2008	2007	2006	2005
Average Receivables Outstanding ⁽¹⁾	£6,183,083,978	£6,016,787,470	£6,126,254,786	£6,201,737,341	£6,569,622,225	£6,257,212,515
Total gross charge-offs ⁽²⁾	£ 179,139,546	£ 781,153,486	£ 783,405,998	£ 539,118,615	£542,209,925	£ 391,325,717
Total gross charge-offs as % of receivables ⁽³⁾	11.75%	12.98%	12.79%	8.69%	8.25%	6.25%

Notes:

- (1) Average receivables outstanding includes principal and finance charges, and excludes receivables charged off.
- (2) In 2007 a policy on repayment plans (temporary arrangements to reduce minimum payment terms) was tightened, with accounts on repayment plans for more than 12 months removed from their plan, and tighter criteria applied to accept accounts onto a new repayment plan which are for a fixed duration of 12 months going forward. This increased total gross charge-offs which peaked mid 2009.
- (3) All ratios are annualised.

Maturity Assumptions

The following table sets forth the highest and lowest cardholder monthly payment rates for the Bank Portfolio during any month in the periods shown and the average cardholder monthly payment rates for all months during the periods shown, in each case calculated as a percentage of total opening monthly account balances during the periods shown. Payment rates shown in the table are based on amounts which would be deemed payments of Principal Receivables and Finance Charge Receivables with respect to the related credit card accounts.

CARDHOLDER MONTHLY PAYMENTS RATES

Bank Portfolio

	YTD March 2010	2009	2008	2007	2006	2005
Lowest Month.....	11.6%	11.8%	12.2%	13.1%	12.0%	13.6%
Highest Month.....	14.2%	14.4%	14.9%	16.3%	15.8%	17.4%
Monthly Average.....	12.6%	13.1%	14.0%	14.4%	14.2%	15.6%

For further detail, please see the Base Prospectus.

RECEIVABLES INFORMATION

As at 31 March 2010

The following tables summarise the Securitised Portfolio by various criteria as of the beginning of the day on 1 April 2010. Because the future composition of the Securitised Portfolio may change over time, these tables are not necessarily indicative of the composition of the Securitised Portfolio at any time subsequent to 31 March 2010.

Recent Lump Additions and Removals

Bank of Scotland may from time to time transfer accounts to the Penarth Receivables Trust in lump additions by designating additional accounts to the Penarth Receivables Trust. Since 1 October 2008, Bank of Scotland has made the following lump additions of accounts to the Penarth Receivables Trust: on 1 August 2009 and 1 November 2009, the amounts of £217,212,804 and £552,353,170, respectively.

Receivable Yield Considerations

The following table sets forth the gross revenues from finance charges and fees billed to accounts in the Securitised Portfolio, for the period from 18 October to 31 December 2008, the year ended 31 December 2009, and for the 3 months ended 31 March 2010. Each table has been provided by Bank of Scotland. These revenues vary for each account based on the type and volume of activity for each account. The historical yield figures in these tables are calculated on an accrual basis. Collections of receivables included in the receivables trust will be on a cash basis and may not reflect the historical yield experience in the table. For further detail, please see the Base Prospectus.

Securitised Portfolio Yield

(non percentage amounts are expressed in sterling)

Revenue Experience	3 Months Ended 31 March 2010	Year Ended 31 December 2009	18 October to 31 December 2008
Average Principal Receivables Outstanding ⁽¹⁾	£4,224,175,667	£3,924,917,758	£3,935,121,782
Average Finance Charges, Fees and Interchange ^{(2),(3)}	£64,498,754	£59,573,975	£60,642,314
Yield from Finance Charges, Fees and Interchange ^{(2),(3)}	18.3%	18.2%	18.5%

Notes:

- ⁽¹⁾ Average principal receivables outstanding is the average of the opening receivables balance for the period indicated.
- ⁽²⁾ Finance Charges and Fees are comprised of monthly periodic charges and other credit card fees net of adjustments made pursuant to Bank of Scotland.
- ⁽³⁾ Yield from charges and fees includes interest income, late fees, forex fees, credit insurance, card protection insurance, overlimit fees, cash advance fees, ATM fees, Balance Transfer fees and other fees related to credit cards.

All ratios are annualised.

	3 Months Ended 31 March 2010	Year Ended 31 December 2009	18 October to 31 2008
Lowest Month	12.0%	11.7%	14.4%
Highest Month	14.7%	14.1%	16.0%
Monthly Average	13.0%	13.0%	15.2%

Notes:

- ⁽¹⁾ Payment rate calculated as principal collections in the calendar month over opening principal receivables.

Securitised Portfolio Performance

	As at 31 March 2010			As at 31 December 2009			As at 31 December 2008		
	Number of Accounts	Principal Receivables	Percentage of Total Principal Receivables	Number of Accounts	Principal Receivables	Percentage of Total Principal Receivables	Number of Accounts	Principal Receivables	Percentage of Total Principal Receivables
Delinquency Experience									
Principal Receivables Outstanding ⁽¹⁾	3,354,384	£4,049,616,383	100.00%	3,405,725	£4,316,848,961	100.00%	3,892,033	£3,891,177,096	100.00%
Number of Day Delinquent:									
5 to 29 Days ⁽²⁾	34,532	£91,240,735	2.25%	47,246	£118,992,202	2.76%	55,146	£133,590,222	3.43%
30 to 59 Days	14,717	£51,024,246	1.26%	16,484	£54,069,089	1.25%	18,974	£58,932,997	1.51%
60 to 89 Days	10,764	£38,508,458	0.95%	12,508	£45,984,493	1.07%	11,442	£42,708,951	1.10%
90 or more Days	27,892	£105,069,838	2.59%	27,753	£107,297,089	2.49%	14,014	£51,064,678	1.31%
Total	87,905	£285,843,277	7.06%	103,991	£326,342,873	7.56%	99,576	£286,296,847	7.36%

Notes:

⁽¹⁾ Principal receivables outstanding represent the closing receivables at the period end.

⁽²⁾ Delinquencies represent delinquent principal receivables at the period end.

	3 Months Ended 31 March 2010	Year Ended 31 December 2009	18 October to 31 December 2008
Loss Experience			
Average Principal Receivables Outstanding ⁽¹⁾	£4,224,175,667	£3,924,917,758	£3,935,121,782
Average Gross Losses ⁽²⁾	£36,036,091	£32,094,810	£10,973,983
Average Recoveries ⁽³⁾	£2,708,807	£1,395,611	£132,458
Average Net Losses ⁽⁴⁾	£33,327,284	£30,699,199	£10,841,525
Gross Losses as a percentage of Principal Receivables			
Outstanding	10.2%	9.8%	3.3%
Net Losses as a percentage of Principal Receivables			
Outstanding	9.5%	9.4%	3.3%

Notes:

- (1) Average principal receivables outstanding is the average of the opening receivables balance for the period indicated.
- (2) Gross Losses are charged-off principal receivables. These were low in 2008 due to initial asset selection into the pool of securitised accounts in October 2008 excluding accounts in late stage arrears.
- (3) Recoveries are amounts received on previously charged-off principal receivables.
- (4) Net Losses are Gross Losses minus Recoveries.

All ratios are annualised by multiplying by the following ratio: 365 divided by the number of days in the reported period.

COMPOSITION BY ACCOUNT BALANCE

Securitised Portfolio

Account Balance Range	Total Number of Accounts	Percentage of Total Number of Accounts	Total Receivables	Percentage of Total Receivables
Credit Balance	491,331	14.6%	-£10,523,305	-0.2%
No Balance.....	996,237	29.7%	£0	0.0%
£0.01 - £5,000.00.....	1,577,252	47.0%	£1,960,535,013	44.5%
£5,000.01 - £10,000.00.....	211,574	6.3%	£1,488,881,163	33.8%
£10,000.01 - £15,000.00.....	74,139	2.2%	£907,872,980	20.6%
£15,000.01 - £20,000.00.....	3,790	0.1%	£60,713,492	1.4%
£20,000.01 or more.....	61	0.0%	£1,406,743	0.0%
Total	3,354,384	100.0%	£4,408,886,087	100.0%

COMPOSITION BY CREDIT LIMIT

Securitised Portfolio

Credit Limit Range	Total Number of Accounts	Percentage of Total Number of Accounts	Total Receivables	Percentage of Total Receivables
Less than £5,000.00	1,757,625	52.4%	£1,056,758,872	24.0%
£5,000.01 - £10,000.00	991,535	29.6%	£1,478,627,865	33.5%
£10,000.01 - £15,000.00	579,745	17.3%	£1,784,095,603	40.5%
£15,000.01 - £20,000.00	24,682	0.7%	£86,036,619	2.0%
£20,000.01 or more.....	797	0.0%	£3,367,128	0.1%
Total	3,354,384	100.0%	£4,408,886,087	100.0%

COMPOSITION BY PERIOD OF DELINQUENCY

Securitised Portfolio

Period of Delinquency (Days contractually Delinquent)	Total Number of Accounts	Percentage of Total Number of Accounts	Total Receivables	Percentage of Total Receivables
Not Delinquent.....	3,266,479	97.4%	£4,066,738,392	92.2%
5 - 29 Days.....	34,532	1.0%	£107,086,247	2.4%
30 - 59 Days.....	14,717	0.4%	£60,872,688	1.4%
60 - 89 Days.....	10,764	0.3%	£46,263,649	1.0%
90 or More Days.....	27,892	0.8%	£127,925,112	2.9%
Total	3,354,384	100.0%	£4,408,886,087	100.0%

COMPOSITION BY ACCOUNT AGE

Securitised Portfolio

Account Age	Total Number of Accounts	Percentage of Total Number of Accounts	Total Receivables	Percentage of Total Receivables
Not More Than 6 Months.....	-	0.0%	£0	0.0%
Over 6 Months to 12 Months.....	151,059	4.5%	£184,625,978	4.2%
Over 12 Months to 24 Months.....	324,968	9.7%	£325,587,621	7.4%
Over 24 Months to 36 Months.....	401,663	12.0%	£426,745,740	9.7%
Over 36 Months to 48 Months.....	320,309	9.5%	£444,336,816	10.1%
Over 48 Months to 60 Months.....	356,363	10.6%	£479,350,936	10.9%
Over 60 Months to 72 Months.....	337,019	10.0%	£407,297,595	9.2%
Over 72 Months.....	1,463,003	43.6%	£2,140,941,401	48.6%
Total	3,354,384	100.0%	£4,408,886,087	100.0%

GEOGRAPHIC DISTRIBUTION OF ACCOUNTS

Securitised Portfolio

Region	Total Number of Accounts	Percentage of Total Number of Accounts	Total Receivables	Percentage of Total Receivables
East Anglia.....	354,440	10.6%	£502,489,898	11.4%
London.....	220,040	6.6%	£332,574,741	7.5%
Midlands.....	356,587	10.6%	£453,010,453	10.3%
North East England.....	518,842	15.5%	£619,370,837	14.0%
North West England.....	430,156	12.8%	£539,418,290	12.2%
Scotland.....	562,308	16.8%	£677,957,562	15.4%
South Central England.....	287,204	8.6%	£413,586,830	9.4%
South East England.....	272,565	8.1%	£408,409,714	9.3%
South West England.....	233,652	7.0%	£305,350,242	6.9%
Wales.....	115,407	3.4%	£151,785,418	3.4%
Other.....	3,183	0.1%	£4,932,102	0.1%
Total	3,354,384	100.0%	£4,408,886,087	100.0%

Notes:

⁽¹⁾ Total Receivables include principal and finance charges receivable.

STATIC POOL INDEX

	18-Oct to 31 Nov 2008	Dec-2008
Principal Receivables Outstanding ⁽¹⁾	£3,994,582,304	£3,875,661,261
Total Receivables Outstanding ⁽¹⁾	£4,233,906,880	£4,143,463,610
Net Losses as % of Principal Receivables Outstanding ⁽²⁾	3.0%	3.7%
Percentage of Total Receivables Delinquent 30+ Days ⁽³⁾	3.17%	3.92%
Yield from Finance Charges, Fees and Interchange ⁽⁴⁾	17.0%	20.7%
Receivables Principal Payment Rate ⁽⁵⁾	14.4%	16.0%

	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	July-2009	Aug-2009	Sep-2009	Oct-2009	Nov-2009	Dec-2009
Principal Receivables Outstanding ⁽¹⁾	£3,891,177,096	£3,846,422,695	£3,789,714,612	£3,796,254,982	£3,794,243,964	£3,767,156,168	£3,759,453,511	£3,744,478,170	£3,920,194,717	£3,883,789,083	£3,811,165,147	£4,325,396,973
Total Receivables Outstanding ⁽¹⁾	£4,158,799,812	£4,134,841,723	£4,088,368,355	£4,093,691,525	£4,102,798,623	£4,081,695,870	£4,071,083,264	£4,060,323,698	£4,253,231,947	£4,215,930,811	£4,145,655,183	£4,678,390,595
Net Losses as % of Principal Receivables Outstanding ⁽²⁾	3.8%	5.4%	9.0%	10.6%	11.1%	12.0%	12.2%	10.6%	10.2%	9.4%	9.4%	8.9%
Percentage of Total Receivables Delinquent 30+ Days ⁽³⁾	4.82%	5.48%	5.81%	5.87%	5.86%	5.79%	5.56%	5.27%	5.17%	5.31%	4.81%	4.80%
Yield from Finance Charges, Fees and Interchange ⁽⁴⁾	16.4%	19.3%	20.3%	17.5%	17.3%	20.1%	17.3%	16.1%	20.2%	18.3%	18.4%	17.7%
Receivables Principal Payment Rate ⁽⁵⁾	13.4%	12.9%	14.1%	12.2%	12.3%	13.2%	13.1%	11.7%	13.5%	13.2%	12.8%	13.2%

	Jan-2010	Feb-2010	Mar-2010
Principal Receivables Outstanding ⁽¹⁾	£4,316,848,961	£4,214,045,704	£4,141,632,336
Total Receivables Outstanding ⁽¹⁾	£4,669,689,814	£4,579,280,238	£4,510,398,853
Net Losses as % of Principal Receivables Outstanding ⁽²⁾	8.5%	9.9%	10.1%
Percentage of Total Receivables Delinquent 30+ Days ⁽³⁾	4.98%	4.95%	4.81%
Yield from Finance Charges, Fees and Interchange ⁽⁴⁾	15.9%	18.7%	20.5%
Receivables Principal Payment Rate ⁽⁵⁾	12.3%	12.0%	14.7%

Notes:

- (1) Principal receivables and total receivables outstanding are as of the beginning of the relevant period.
- (2) Net losses includes recoveries from previously charged off accounts.
- (3) Delinquencies represent delinquent principal receivables.
- (4) Yield from charges and fees includes interest income, late fees, forex fees, credit insurance, card protection insurance, overlimit fees, cash advance fees, ATM fees, Balance Transfer fees and other fees related to credit cards.
- (5) Payment rate calculated as principal collections in the calendar month over opening principal receivables.

Performance By Vintage

The 2002/03 vintages experienced above average delinquencies and charge-offs relative to the total portfolio following higher recruitment of above market volumes, in line with the market growth strategy at the time. Since then BOS's acquisition underwriting strategies have undergone a complete overhaul and BOS has taken significant steps to reduce its exposure to these vintages by reducing open to buy on the higher risk segments.

In 2003 the Internet channel was launched and since then it has become an increasingly larger proportion of total acquisition year on year (45 per cent. in 2009).

Prior to 2004 BOS offered 3 standard products: a flat rate card, a cashback card and a teaser card with a promotion period of up to 6 months. The UK cards market was less competitive at this time, and initial APRs at the point of recruitment were typically higher; these vintages have a slightly higher yield. The differential margin compared to later vintages is reducing as BOS's risk based re-pricing strategy across the portfolio results in converging yield over time.

BOS launched The One Card in 2004, a market leading product with a strong introductory offer, lower APR and cashback reward. As a result, the volume of accounts acquired increased significantly; the quality of this vintage is above average. The reward proposition attracted a strong concentration of convenience users with a higher than average payment rate.

Pre 2005 vintages typically with richer rewards attracted a higher percentage of convenience users. As a result the payment rates on these vintages are stronger. From 2005 onwards BOS products have typically targeted the borrower population with rewards replaced by more attractive lower introductory period APRs. This has reduced the average payment rate on card accounts acquired since then.

Since 2007 BOS has increased the range of products, moving to a more targeted acquisition strategy with different pricing across acquisition channels and customer segments.

In 2008 during the economic market dislocation, there was an industry-wide deterioration in the quality of business acquired. BOS undertook significant de-risking in response, with tighter cut-offs reducing volume and lower initial credit lines. This activity was undertaken during the second half of 2008 and into 2009. This has resulted in an improvement in the quality of the 2009 and 2010 vintages relative to the 2008 vintage.

PURCHASE AND TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the notes.

The notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Without limiting the foregoing, by holding a note, each Noteholder will acknowledge and agree, among other things, that such Noteholder understands that neither of the Issuer nor the Securitised Portfolio is registered as an investment company under the United States Investment Company Act of 1940, but that the Issuer and the Securitised Portfolio are exempt from registration as such.

Prospective Initial Investors in the notes

Each prospective purchaser of the notes offered in reliance on Rule 144A ("**Rule 144A**") or Rule 506 of Regulation D under the Securities Act (each a "**U.S. Offeree**") and each prospective purchaser of the notes offered in reliance on Regulation S ("**Regulation S**") under the Securities Act (a "**Non-U.S. Offeree**") and together with the U.S. Offerees, the "**Offerees**"), by accepting delivery of these Final Terms and the Base Prospectus, will be deemed to have represented, acknowledged and agreed as follows:

- (i) The Offeree acknowledges that these Final Terms and the Base Prospectus are personal to the Offeree and do not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the notes other than pursuant to Rule 144A or Rule 506 of Regulation D, or another exemption from registration from the Securities Act, or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the Base Prospectus or disclosure of any of their contents to any person other than the Offeree and those persons, if any, retained to advise the Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Rule 506 of Regulation D or Regulation S is unauthorised and any disclosure of any of their contents, without the prior written consent of the Issuer, is prohibited.
- (ii) The Offeree agrees to make no photocopies of these Final Terms and Base Prospectus or any documents referred to herein and, if the Offeree does not purchase the notes or the offering is terminated, to return these Final Terms and the Base Prospectus and all documents referred to herein and therein to Lloyds TSB Bank plc.
- (iii) The Offeree has carefully read and understands these Final Terms and the Base Prospectus, including, without limitation, the "Additional Risk Factors" section herein and the "Risk Factors" section in the Base Prospectus, and has based its decision to purchase the notes upon the information contained herein and therein and on written information, if any, provided to it by the Issuer and not on any other information.

Notes

Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Series 2010-A1 Notes are outstanding, the Registered Uncleared Note Certificates will bear a legend substantially set forth below:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND NEITHER THE ISSUER NOR THE SECURITISED PORTFOLIO HAS BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT IT HAS OBTAINED THIS NOTE IN A TRANSACTION IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND ALL OTHER APPLICABLE LAWS OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE RESTRICTIONS ON SALE AND TRANSFER SET FORTH IN

THE NOTE TRUST DEED (THE "**NOTE TRUST DEED**"), DATED 16 OCTOBER 2008 (AS AMENDED AND RESTATED FROM TIME TO TIME), BETWEEN THE ISSUER AND DEUTSCHE BANK TRUST COMPANY AMERICAS (THE "**NOTE TRUSTEE**"). THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, FURTHER REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE (OR ANY INTEREST HEREIN) EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND ALL OTHER APPLICABLE LAWS OF ANY JURISDICTION AND IN ACCORDANCE WITH THE RESTRICTIONS, CERTIFICATIONS AND OTHER REQUIREMENTS SPECIFIED IN THE NOTE TRUST DEED (i) TO A TRANSFEREE THAT IS A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (A "**QIB**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT OR (ii) TO A TRANSFEREE THAT IS NOT A U.S. PERSON (AS DEFINED IN REGULATIONS OF THE SECURITIES ACT) AND THAT IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (i) AND (ii), IN A PRINCIPAL AMOUNT WITH RESPECT TO EACH CLASS OF NOTES OF NOT LESS THAN €50,000 (OR THE EQUIVALENT THEREOF IN THE SPECIFIED CURRENCY) FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING. EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE NOTE TRUST DEED.

The following paragraph is to be included in the legend for Registered Uncleared Note Certificates treated as debt of the Issuer for U.S. federal income tax purposes:

EACH ORIGINAL PURCHASER AND EACH TRANSFEREE OF THIS NOTE OR OF AN INTEREST HEREIN IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) THE HOLDER IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE, AN "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A "PLAN" WITHIN THE MEANING OF SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY PERSON OR ENTITY WHOSE ASSETS INCLUDE THE ASSETS OF ANY SUCH "EMPLOYEE BENEFIT PLAN" OR "PLAN" BY REASON OF 29 C.F.R. 2510.3-101 OR OTHERWISE, OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND IS NOT PURCHASING THIS NOTE ON BEHALF OF ANY SUCH PERSON, OR (B) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANY SUCH OTHER EMPLOYEE BENEFIT PLAN, ARE NOT IN VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW).

The following paragraph is to be included in the legend for Registered Uncleared Note Certificates:

EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE NOTE TRUST DEED TO THE TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL ANY INTEREST IN THIS NOTE PREVIOUSLY TRANSFERRED TO HOLDERS NOT ELIGIBLE TO PURCHASE SUCH INTERESTS IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE NOTE TRUST DEED.

Initial Investors and transferees of Interests in Registered Uncleared Note Certificates

Each initial investor in, and subsequent transferee of, an interest in a Registered Uncleared Note Certificate will be deemed to have represented and agreed that it (i) is either an "accredited investor" within the meaning of Rule 501 of Regulation D under the United States Securities Act of 1933, as amended (the "**Securities Act**") or is a sophisticated investor with such knowledge and experience in financial and business matters, including but not limited to sales and purchases of the type of debt securities being issued and sold by the Issuer, as to be capable of evaluating the merits and risks of the purchase of the Series 2010-A1 Notes; (ii) it has sought and received such financial, accounting, legal and tax advice and has had access to such financial and other information concerning the Issuer and the Series

2010-A1 Notes as it has considered necessary to make an informed investment decision with respect to the Series 2010-A1 Notes, including an opportunity to ask questions of and request information from the Issuer, and it is able to bear the economic risk of an investment in the Series 2010-A1 Notes and can afford a complete loss of such an investment, (iii) it is acquiring the notes as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act.

Settlement

All payments in respect of the Sterling notes shall be made in Sterling in same-day funds.

PLAN OF DISTRIBUTION

Name of Dealer:	Not applicable. Privately placed.
Additional Selling Restrictions:	No note purchaser may transfer any of the Series 2010-A1 Notes to a person who is not affiliated with or administered by JPMorgan Chase Bank, N.A., without the prior written consent of the Issuer and Bank of Scotland plc.
	Class A
ISIN:	GB00B56M6281
Common Code:	N/A
CUSIP	N/A

For the purposes of the U.S. federal securities laws, the note purchasers engaged in the distribution of these Series 2010-A1 Notes may be deemed to be "underwriters". Subject to the terms and conditions of the note purchase agreement for these Series 2010-A1 Notes, the Issuer has agreed to sell to certain bank-sponsored conduits, and such conduits have agreed to purchase, the Series 2010-A1 Notes:

The gross proceeds of the issue of the notes will be £1,000,000,000. The total expenses related to the admission to trading are estimated to be £3,650. The net proceeds of the issue of the notes will be applied by the Issuer, together with the Expenses Loan, to purchase the Series 2010-A1 Loan Note issued by Loan Note Issuer No.1 on the Issue Date. The net proceeds of the issue will be £1,000,000,000.

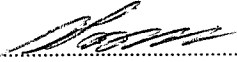
LISTING APPLICATION

This document comprises the Final Terms required to list the issue of notes described herein pursuant to the Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:



By: **SFM Directors Limited**
as Director

Penarth Master Issuer PLC

GENERAL INFORMATION

The admission of the Programme to listing on the Official List of the UK Listing Authority and to trading on the Regulated Market of the London Stock Exchange took effect on 1 June 2010. The listing of the notes on the Regulated Market of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). This Note Series is intended to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange will be so admitted to listing and trading upon submission to the UK Listing Authority and the Regulated Market of the London Stock Exchange of these Final Terms and any other information required by the UK Listing Authority and the Regulated Market of the London Stock Exchange, subject in each case to the issue of the relevant notes. Prior to official listing, dealings will be permitted by the Regulated Market of the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

However, notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the UK Listing Authority or the Regulated Market of the London Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant note purchasers may agree.

The Issuer confirms that the securitised assets backing the issue of this Note Series, namely the distributions from Loan Note Issuer No.1 to the Issuer in respect of a corresponding Loan Note issued by Loan Note Issuer No.1 and ultimately the interest and principal collections in respect of the Receivables, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on this Note Series. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of the Base Prospectus and these Final Terms and may be affected by future performance of such securitised assets. Consequently, investors are advised to review carefully the disclosure in the Base Prospectus together with any amendments or supplements thereto and other documents incorporated by reference in the Base Prospectus and, in relation to this Note Series, these Final Terms.

AN INVESTMENT IN THE NOTES IS ONLY SUITABLE FOR FINANCIALLY SOPHISTICATED INVESTORS WHO ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BE ABLE TO BEAR ANY LOSSES WHICH MAY RESULT FROM SUCH INVESTMENT. IF PROSPECTIVE INVESTORS ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS BASE PROSPECTUS THEY SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) against or affecting the Issuer or any of its assets or revenues, which may have or have had during the months since the Base Prospectus was first filed to the date of these Final Terms significant effects on the financial position or profitability of the Issuer.

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) against or affecting Loan Note Issuer No.1 or any of its assets or revenues, which may have or have had during the months since the Base Prospectus was first filed to the date of these Final Terms significant effects on the financial position or profitability of Loan Note Issuer No.1.

There has been no material adverse change in the financial position or prospects of the Issuer, since the date of its last financial statements for the period ended 31 December 2008.

There has been no material adverse change in the financial position or prospects of Loan Note Issuer No.1, since the date of its last financial statements for the period ended 31 December 2008.

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Penarth Funding 1 Limited

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Penarth Receivables Trustee Limited

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Note Trustee as to English law*

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